



## NEWS: EUROPE

# Bossi independence call may speed constitutional reform

By Andrew Hill in Milan

Italy's political parties may have to accelerate moves for a federal reform of the constitution, following overt calls for the independence of northern Italy by Mr Umberto Bossi, leader of the separatist Northern League.

On Saturday, Mr Bossi told the League's self-styled parliament of the north near Mantua that Italy should move towards a Czechoslovak-style split between the northern "region" of Padania and the rest of the country.

If the League persists with its hard line, it could create difficulties for the centre-left alliance which won last month's elections. A new government would also certainly require the League's support in

parliament on specific issues.

Commentators from both sides suggested a new government would have to table proposals for federal reform almost immediately after taking office to defuse Mr Bossi's threats. Mr Pierferdinando Casini, leader of the CCD, the small opposition party, proposed a cross-party pact on federal reform.

Mr Bossi's ignored proposals cannot be ignored because of the surprising success of the League in the elections. It emerged as the largest single party in northern Italy, with a particularly strong showing in the prosperous north-east.

The League does not hold the balance of power in the Italian parliament, where the centre-left Olive Tree alliance has a slim majority with the

support of the Marxist Reconstructed Communism (RC).

However, the League's backing may be necessary if the Olive Tree wants to push through certain measures proposed by RC, including privatisation into European monetary union, and public spending cuts.

Mr Romano Prodi, who is likely to be asked to form the next government, said at the weekend that Mr Bossi's proposals were worrying, but he played down the risk that the League could upset the centre-left's plans.

Far from moderating his tone in the weeks since the April 21 election, Mr Bossi's position has become more extreme. At Saturday's meeting of the parliament of the north (now renamed the parlia-

ment of the Padania), he proposed the establishment of a committee for the liberation of Padania, and the formation of a Padania government with 10 ministers. He also said League supporters had the right to resist those national laws which went against the interests of the north.

His comments were condemned by the centre-left alliance which won last month's elections, and by the right-wing opposition, while President Oscar Luigi Scalfaro said Italian unity was "indispensable".

There were more calls yesterday for Mr Bossi to be prosecuted for attacking Italian unity, which is a criminal offence, although legal experts doubted whether such a prosecution would succeed.

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# Di Pietro plans to be public works minister

By Andrew Hill

Mr Antonio Di Pietro, the former anti-corruption magistrate, consistently voted one of Italy's most popular personalities following his work in exposing the Tangentopoli ("Bribesville") corruption scandals.

He only became free to pursue his political ambitions shortly before the April 21 elections, when he was cleared of allegations that he abused his position as a magistrate, but it was not sure whether he would favour the right or the left. He decided not to stand for election and will serve as a "technical" minister.

Mr Fausto Bertinotti, leader of Reconstructed Communism (RC), the Marxist party on which the Olive Tree will



Antonio Di Pietro (left) in his role as anti-corruption magistrate on his way to question a fraud suspect in 1993

depend for its parliamentary majority, criticised the decision, saying it would bring "a series of the worst cases of bribery were linked to public works contracts. His job will involve relaunching infrastructure projects, many of which were frozen to stem corruption.

## EUROPEAN NEWS DIGEST

## Norwegian oil industry hit

A strike by offshore workers that has severely cut Norway's North Sea oil and gas production was set to enter its third day today.

The stoppage by 750 members of the Federation of Oil Workers (OFS) has hit nine North Sea production fields - affecting Norway's three big petroleum groups, Statoil, Norsk Hydro and Saga Petroleum, as well as foreign producers including Shell, British Petroleum and France's Elf.

Industry officials said up to 40 per cent of Norway's North Sea production was affected. Norway normally produces 3m barrels of oil a day and 32m cubic metres of gas. The Norwegian Oil Industry Association put the cost of lost production at Nkr130m (£30m) a day.

Hugh Carnegy, Stockholm and Simon Townley, Bergen

## Bernabè renominated for Eni

The Italian treasury has renominated Mr Franco Bernabè, chief executive of Eni, to the board of the state-controlled oil, gas and chemicals group and proposed Mr Guglielmo Moscato as chairman of the company.

Mr Lamberto Dini, outgoing prime minister and treasury minister, had postponed the nomination of new directors for Eni, which was partially privatised last year, until after the April 21 elections, in which the centre-left won a slim parliamentary majority.

Mr Bernabè has pushed through a drastic restructuring at Eni and there was wide speculation that a right-wing government would have sidelined him to use the company for political patronage in the south.

Mr Moscato is the current chairman of Agip, Eni's exploration and production subsidiary. Andrew Hill, Milan

## Bremer Vulkan investigation

Germany's federal crime agency, the BKA, is investigating managers from the bankrupt Bremer Vulkan shipbuilding company over allegations of fraud. It was confirmed yesterday, according to a report in the magazine *Der Spiegel* today, among those under investigation are top managers from both western and eastern Germany.

The investigations centre on alleged misappropriation of Dm860m (£567m) of subsidies intended for the east German yards but deployed elsewhere in the group to try to stave off Bremer Vulkan's financial crisis.

Bremer Vulkan declared bankruptcy last week after it failed to reach an agreement with its creditors, from whom it sought protection in February.

Frederick Städemann, Berlin

## Tietmeyer hint on rates

Mr Hans Tietmeyer, Bundesbank president, hinted at the weekend there was room for further cuts in German interest rates. He said the Bundesbank's recent rate cuts had "expanded the possibilities for further interest rate moves in our securities business". But rate changes would be dependent on the development of the money supply, he added.

Mr Tietmeyer also reiterated the Bundesbank's formal commitment to European Monetary Union, which he said the bank supported "despite all suspicions to the contrary". But he added that the stability of a common currency was an essential condition for monetary union.

Meanwhile, German unemployment figures due today are expected to show a drop in the number of those out of work to below 4m.

Frederick Städemann

## Boost to sales of modems

The growing popularity of electronic mail, the Internet and consumer online services such as America On Line and CompuServe in Europe helped boost the sales of modems - devices that enable computers to communicate over ordinary telephone lines - by 86 per cent to 4.5m units last year, according to Dataquest, the market research firm.

However, tumbling modem prices meant that the value of modern shipments grew by a relatively modest 39 per cent to \$1.4bn.

The European market is dominated by US suppliers, including US Robotics, the market leader with over 31 per cent of the market in volume terms and total revenues of \$262m.

Paul Taylor, London

## Austerity measures for Belgium

Belgium's cabinet agreed over the weekend on an extra Bf25bn (£790m) worth of austerity measures as part of its effort to qualify for participation in a single European currency. Mr Herman de Ruyck, budget minister, said the measures included spending cuts and the tapping of "new sources of revenue" but not a rise in taxes.

Belgian media said the cabinet also intended to give itself the option of introducing further deficit-cutting moves, tentatively planned for 1997, as early as this August. The government would over the next few days draft a framework law that would make possible the imposition of further savings at short notice by royal decree. This option would be exercised if, as independent economists widely fear, the annual rate of growth in GDP falls below the government's projection of 1.5 per cent.

Breke Clark, Brussels

## Baltic nations hold summit

A meeting of Baltic Sea nation leaders at the weekend pledged support for efforts by Poland, Estonia, Latvia and Lithuania to join the European Union and urged the EU to conclude quickly a partnership and co-operation agreement with Russia.

The weekend summit in Visby, on the Swedish island of Gotland, brought together the heads of government of 10 Baltic region countries for the first time since the collapse of the Soviet Union.

The emphasis was on building economic and political relationships within the region, previously split by cold war divisions, although it avoided the issue of strong Russian opposition to the desire of Poland, Estonia, Latvia and Lithuania to join Nato.

Hugh Carnegy, Stockholm

## European alliance set to wield sharper sword

By Bruce Clark in Brussels

Britain, a diehard defender of transatlantic defence ties, will be cast tomorrow in a new role, as host of a 27-nation conference on boosting Europe's capacity to assemble military missions without US participation.

This problem will move from the drawing board to real life if, as many observers expect, the west Europeans somehow have to fill the gap that will arise in December when the US-led force in Bosnia ends its assignment. But in public at

least, participants in tomorrow's meeting in Birmingham of the Western European Union will probably duck questions about particular conflicts and turn their attention to broader issues, such as how to give the WEU more teeth.

On paper, the WEU's 10 full members are bound by mutual defence obligations even tougher than those laid down by Nato's charter. Another 17 countries are linked to the WEU in various ways.

In practice, the WEU is dwarfed by the superior resources and firepower of the

Atlantic alliance. The few dozen people who work with Mr Jose Cutileiro, the WEU's Portuguese secretary-general, are no match for the huge information-gathering and planning machine that serves Nato, in a different part of Brussels.

But as WEU ministers will tell tomorrow's meeting, the Union can still play a substantial role as organiser of peacekeeping and humanitarian missions which the North Americans do not wish to join.

A situation centre to monitor crises will be set up at the

WEU next month and the organisation will soon be responsible for a programme of military exercises and an annual defence planning conference.

The WEU's ability to co-ordinate missions will receive a further fillip today when Nato formally agrees to share certain documents and communications networks with the smaller body. France might in years past have criticised these moves as too modest and insisted the WEU be given real independence. But Paris has recently backed closer links between Nato and the WEU, in

line with its own rapprochement with Nato.

The Birmingham talks will also consider terms on which peacekeeping operations could be joined by four neutral countries - Ireland, Austria, Finland and Sweden - which are full members of the European Union and observers at the WEU.

Britain has repeatedly cited the neutral status of these countries as an argument against giving the EU any role in military affairs - and against German proposals for an eventual merger between

the EU and the WEU. But Finland and Sweden, in a stance

that could undermine the British argument, have recently signalled their keenness to take part in European-only peacekeeping missions. Ireland has laid out a similar but more cautious position.

While the WEU has some experience of ex-Yugoslavia - as sponsor of a police force in Mostar, and co-organiser of naval patrols in the Adriatic - Mr Cutileiro believes mounting a full-scale peacekeeping effort in Bosnia is beyond the group's capacity.

## Spanish cabinet boasts record number of women, independents and former centrists



Spanish PM José María Aznar (left) is congratulated yesterday by King Juan Carlos after taking the oath of office



JAIME MAYOR OREJA: Interior minister is one of Spain's hardest jobs. Of the four people who served in the post during the Socialist administration, two resigned and another faces criminal charges over anti-terrorist tactics.

Mr Aznar has opted for a moderate who not only enjoys a reputation for tolerance but also - importantly - hails from the violence-plagued Basque country.

Mr Mayor Oreja, 44, has been the Popular party's leader in the region and played the chief role in negotiating parliamentary support for the new government from the Basque Nationalist party in spite of fierce electoral rivalry.

A nephew of Mr Marcelino

Oreja, the Spanish European commissioner and former centrist foreign minister, he spent his early political

career in the ranks of the now-defunct Union of the Democratic Centre (UCD), not joining the Popular party until 1989.

An agronomist by training, he stood last year as PP candidate for mayor of his home town of San Sebastián - replacing Mr Gregorio Ordóñez who had been murdered by the Eta separatist group - although he had no desire for the job.

Pictures: Expansion



RODRIGO RATO: The nine-week interregnum since the general election has put the new government's economic supremo, firmly into centre-stage. As chief negotiator of a deal with Catalan nationalists, he has been even more in the limelight than his boss, Mr Josep Maria Aznar.

Now, as minister for the economy and finance, with the rank of deputy prime minister, the 47-year-old Mr Rato is the man in charge of getting Spain into the group of qualifiers for European monetary union, with the immediate job of tackling the state budget.

Having done much of the work of presenting the Popular party's plans abroad in the run-up to the election, he is already well known in international financial circles. One of the first friends Mr Aznar made in congress when he arrived in 1982, Mr Rato comes from a well-to-do business family. With a law degree and an MBA from the University of California in Berkeley, he entered politics only when he was 30, becoming an MP first for Cádiz and then for Madrid.

Party spokesman in congress since 1989, he has had a hand in all areas of policy. Pragmatic, serious, and somewhat cold in appearance, he has earned respect both inside and outside the party.

Pictures: Expansion



ABEL MATUTES, 55, who takes over as foreign minister, has managed to remain one of the heavyweights of Spanish conservatism while staying outside the hurly-burly of national politics.

Favoured at one stage by the employers' lobby as party leader, he was dispatched instead to be one of Spain's European commissioners on accession in 1986.

He reappeared on the political scene two years ago to head the PP's list of candidates for the European parliament election, its first nationwide electoral victory.

His Brussels experience has given him thorough knowledge not only of European Union affairs but also of those other key areas of Spanish foreign policy, the Mediterranean and Latin America.

The sacrifice of giving up his Commission post in 1984 was mitigated by the fact that Mr Matutes is one of Spain's wealthiest people, with extensive interests in banking and tourism on the island of Ibiza. With degrees in law and economics and a brief career as a first-division footballer, he spent a period as mayor of Ibiza during the Franco regime, later founding a local liberal party and entering the senate and then congress.

Pictures: Expansion



FRANCISCO ALVAREZ-CASCO: The habitual snark on the rugged features of Mr Alvarez-Casco has become the symbol of the Popular party's more aggressive side. Reputedly one of the most fiery opponents of the previous government, he once described Mr Felipe Gonzalez, the former Socialist prime minister, as "rotten stuff that is good only for the garbage heap". Now he will play a largely

behind-the-scenes role as one of two deputy premiers and minister for the "presidency" or prime minister's office.

He has a reputation as authoritarian, outspoken, tough and hard-working, and was a disciple of Mr Manuel Prado, the former Spanish conservative leader, with whom he shares a keen interest in fishing.

Now 48, he joined Mr Aznar's party in 1976 soon after General Franco's death.

As engineer by training, he became a councillor in the northern industrial city of Gijón, the only rightwing on the council at the time. Elected to the senate for Asturias in 1982 and later switching to the congress, he became the party's secretary-general in 1989, and was kept on by Mr Aznar.

Mr Alvarez-Casco is thought to have been rejected for the interior ministry but has kept a powerful foothold.

Yeltsin met liberal presidential candidate for two hours to debate 'campaign ethics'

## Yavlinsky discussed joint election bid

By Sander Thees in Moscow

Mr Grigory Yavlinsky, a liberal presidential candidate in next month's Russian election, yesterday revealed that he had been meeting secretly with two other candidates to discuss a joint bid.

Mr Yavlinsky, who is rated a distant third in opinion polls for the June 16 presidential election, confirmed in a newspaper interview yesterday that he had met with Gen Alexander Lebed and Mr Svyatoslav Fyodorov.

"We approached each other smoothly and very carefully," Mr Yavlinsky said. "We understood that our



## NEWS: WORLD TRADE

# EU's farm ministers split over free trade

By Caroline Southey in  
Orta, southern Italy

EU agriculture ministers gathered in southern Italy yesterday to thrash out a common approach to Europe's policy on free trade areas (FTAs).

Over the next two days, farm ministers from the 15 EU member states and Mr Franz Fischer, the agriculture commissioner, will tackle the question of these free trade pacts, weighing up the threat to European agriculture against the advantages of greater trade liberalisation.

From the outset, the debate appears weighted against the EU Commission's current position - that free trade areas are

"economically beneficial, bolstering the EU's presence in dynamic economies and contributing to the overall process of liberalisation worldwide".

Only three member states have placed themselves firmly in the pro-FTA camp - Britain, Sweden and Denmark. While a few, such as Germany and the Netherlands, remain committed to the principle of trade liberalisation, most member states, particularly those in the south, range from sceptical to antagonistic.

The ministers' minds have been concentrated by the plethora of trade pacts entered into by the EU in recent years, and by tougher rules brought in under the World Trade

Organisation early last year.

The EU's appetite for FTAs has reflected a worldwide hunger for regional trade arrangements. According to the World Trade Organisation 26 FTAs have been agreed worldwide over the last 20 months, as many as agreed in the 47 years since the first multilateral trade round was completed. The EU alone has signed 26, many in the last five years.

But it has been the change in WTO rules that has caused the greatest consternation. Until early last year, the EU's agricultural sector was excluded from most free trade pacts, leaving farm products out of programmes to reduce or abolish duties.

The farm ministers know the writing is on the wall. WTO rules stipulate that a free trade zone is defined as "group of two or more customs territories in which the duties and other restrictive regulations .. are eliminated on substantially all the trade between the territories".

A paper prepared for the meeting by Italy, which holds the EU presidency, states that they should not be "misled by the fact that agriculture has hitherto been excluded from certain of the more problematic free trade agreements". The paper warns that "this exclusion can only be partial and temporary".

For Italy, the answer is a

"period of political reflection" to allow for a more "coherent analysis and evaluation procedure". In addition, the presidency paper argues that it is "hardly acceptable... to stand by and allow whole sensitive sectors of the European economy to collapse under the impact of the liberalisation of markets".

The ministers are unlikely to bridge the gap between those vociferously opposed to exposing EU agricultural products to competition from cheaper foreign imports and those in favour of liberalisation. But they may well find common ground in calling for EU governments and the Commission to establish a more coherent

policy on FTAs.

"The main problem is a lack of co-ordination among ministries in the member states," an EU official said.

"While ministries of foreign affairs might be in favour of an FTA, it is not foreign office officials who have to go into rural areas to defend the policies."

Others also believe the Commission has been at fault, pointing out that most of the EU's FTA accords have been initiated by individual commissioners. "While their political motives might be laudable, the economic impact is often ignored," a trade official said.

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## WORLD TRADE NEWS DIGEST

## Investment in Vietnam drops

Foreign investment approvals in Vietnam in the first quarter of this year have plunged by about half compared with the same period a year ago, the semi-official weekly Vietnam Investment Review (VIR) reported yesterday.

The newspaper said 87 projects worth \$1.2bn were licensed against last year's 134 projects worth \$2.5bn. Although approvals in the period were 17 per cent higher than in the last quarter of 1995, analysts said the year-on-year drop was one of the first statistical signs of a cooling in foreign interest in Vietnam. The fall was also a reflection of a slowdown in investment approvals in the months leading up to a landmark Communist party congress in June. Investors are increasingly complaining of lack of progress by the authorities in cutting red tape and curbing corruption.

Jeremy Grant, *Harold*

Thais plan Philippine oil venture

Thailand's state-owned oil company is to invest \$200m in new petroleum ventures in the Philippines. The Petroleum Authority of Thailand (PTT) will spend 75 per cent of the investment on a wholly owned retail oil business which aims to have 140 petrol stations in the Philippines by the year 2001.

PTT will also set up four export, import and distribution ventures with the US oil company, Coastal Corporation, based mostly around Subic Bay. The Thai concern said it planned to invest \$150m (\$500m) in the region over the next six years. It is looking particularly at high-growth countries such as Vietnam, Burma, China and India.

With Thailand's energy needs expanding at more than 10 per cent a year, PTT plans to double its supply of natural gas within five years, according to a company official. In 1996 alone the country will be able to tap 20 per cent more natural gas than was consumed last year and by next year, offshore gas in the Gulf of Thailand is expected to yield at least 1,400m cubic feet per day.

William Barnes, *Bangkok*

## KDD to join cable consortium

Members of the Flag (fibre optic link around the globe) submarine cable consortium are expected to approve within weeks the addition of KDD, the Japanese international telephone operator, as a landing party. The Flag management committee reached agreement to add KDD at its meeting last month in Beijing. KDD's Niinomiya landing station will become Flag's second landing point in Japan and will significantly enhance the cable system's capabilities.

When completed in 1997, Flag will be the longest man-made structure, stretching 28,000km from Port Lincoln in Cornwall to Miura, and now Niinomiya, in Japan. It will be instrumental in bringing high-capacity telecommunications to areas including India, the Middle East and Africa which are currently short of capacity.

Alan Cane, *London*

## Indian group to make seatbelts

US automotive-to-aerospace multinational AlliedSignal has formed a joint venture with India's JBM Group to produce seatbelts for the country's burgeoning car industry. The 50-50 venture will produce 1m seatbelts a year at a JBM metal stamping facility near New Delhi starting in September.

The belts will be supplied to North American, European and Asian vehicle producers also setting up operations in India. Mr Don DeRosset, president of AlliedSignal Safety Restraint Systems, said the plant could eventually supply air bags as well.

John Griffiths, *London*

## Virgin's interest boosts 'super jumbo' prospects

By Michael Shapinka, Aerospace Correspondent

Mr Richard Branson's Virgin Atlantic has become the third airline to express a strong interest in buying double-decker "super jumbo" aircraft capable of carrying more than 500 passengers.

Boeing of the US and Airbus Industrie, the European manufacturing consortium, plan to bring the aircraft into service early in the next century. British Airways and Singapore Airlines have already said they are likely to invest in super jumbos. Virgin's interest adds to the chances of one or both projects going ahead.

Boeing and Airbus are trying to line up potential customers

to justify the expense of developing the aircraft. Boeing wants to start work at the end of this year on the Boeing 747-600X, an extended version of its 400-seat 747-400.

Analysts estimate that developing such an aircraft would cost Boeing \$2bn. Airbus might have to spend \$3bn to \$12bn on developing a completely new aircraft, as its biggest existing model, the A330, carries only 335 passengers.

"We've said to both Boeing and Airbus that we're very interested. The bigger the plane the better," Mr Branson said. He was also interested in Airbus' plans to build a "stretched" version of the A340, which would carry 376 passengers.

Mr Branson said that he had

larger aircraft because of congestion at Heathrow. Mr Branson said an additional reason for Virgin to buy larger aircraft was to accommodate bigger on-board lounge areas and the popular massage services it offers on its Boeing 747s. He said Virgin now employs 160 masseuses, compared with only seven three years ago.

Mr Branson is also talking to Boeing about buying 747-400s and 777s, which carry up to 400 passengers, and to Airbus about purchasing A340s, which carry 295 passengers. He said he was also interested in Airbus' plans to build a "stretched" version of the A340, which would carry 376 passengers.

Mr Branson said that he had

in the meantime decided to expand the airline's services at London's Gatwick airport because of the lack of slots at Heathrow. The move represents a change of policy for Virgin which has spent years attempting to move from Gatwick to Heathrow. It first won the right to operate from

Heathrow in 1991 after a long struggle to obtain slots.

Mr Branson said he planned to begin daily flights from Gatwick to New York and Los Angeles next spring. These would be in addition to the airline's three daily flights to New York and its one flight a day to Los Angeles from Heathrow.

He said the Gatwick flight to New York could be justified on commercial grounds, as it would appeal to passengers living in the Gatwick area.

But he added: "With the two flights to LA, I think we'd be better off if they were both from Heathrow. But we don't have a choice."

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Heathrow in

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## The oil venturi

## Consortium

### the seatbelts

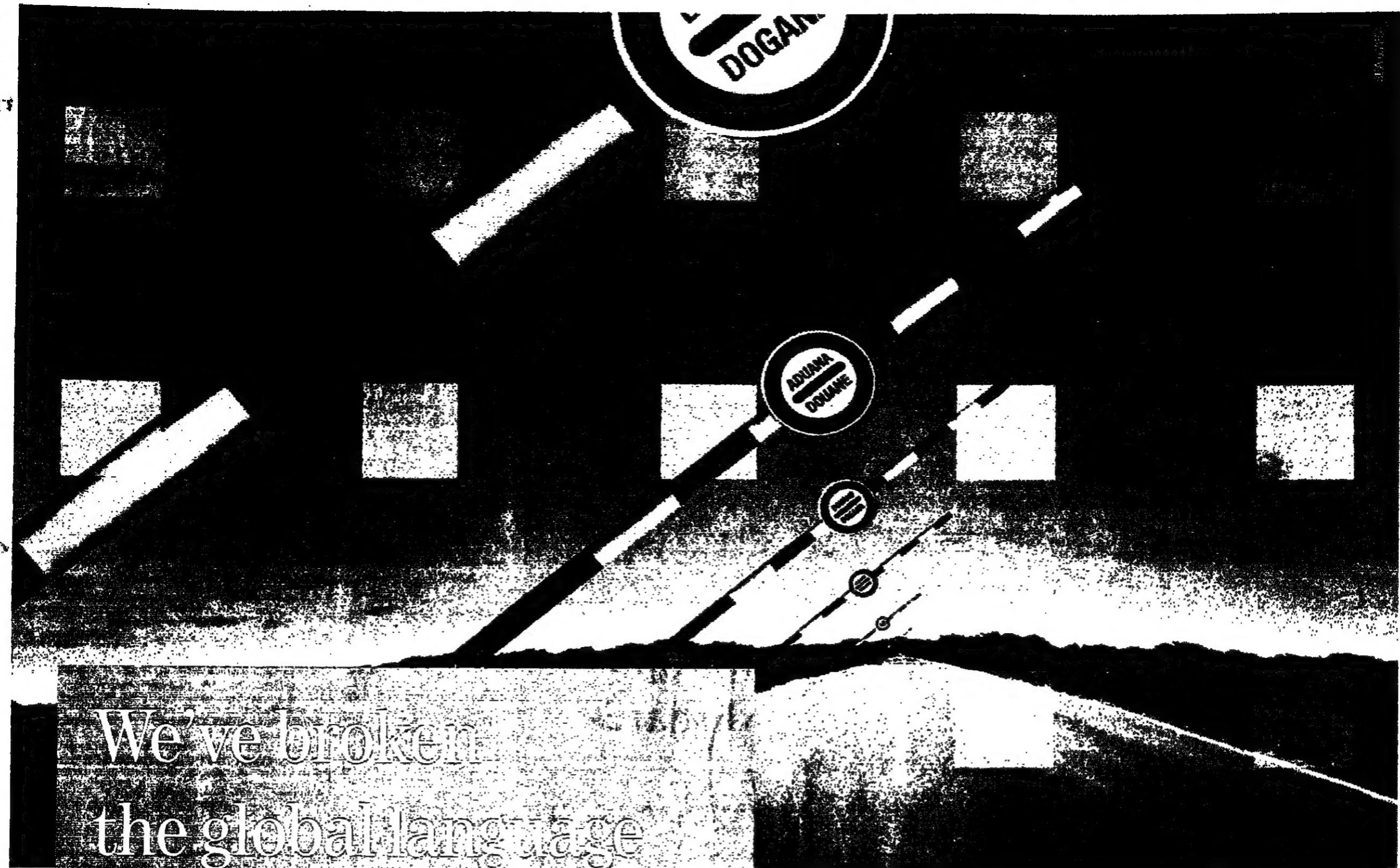
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**Are we talking your language?**  
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# Deutsche Telekom

## NEWS: UK

# Internet provider to launch censorship

By James Mackintosh  
in London

Unipalm Pipex, the biggest provider of internet access to British businesses, has acceded to government calls for voluntary censorship in a significant boost to ministerial attempts to restrict access to electronic pornography.

Pipex is to block much of the worst child pornography from subscribers and will also be supplying new software to allow companies to limit the parts of the Internet - the which are

international computer network - accessible by staff.

The decision is likely to have far-reaching implications for the Internet in Britain because Mr Peter Dawe, managing director of Pipex, is also political officer of the Internet Service Providers' Association, the body negotiating a voluntary code of conduct with the government.

Until recently Mr Dawe was opposed to any form of censorship. But he has now decided to stop supplying discussion groups - the which are

devoted to pictures of young children.

The software package will allow subscribers to block parts of the Internet considered unsuitable, making them accessible only with a password. As a result, parents will be able to control which parts of the Internet are available to children, and managers to ensure staff are not breaking the law. However, Mr Dawe emphasised the impossibility of completely blocking offensive parts of the Internet.

Pipex - the UK arm of

UUNet of the US - does not expect a backlash from users over the censorship. Mr Dawe said he was sure Pipex's corporate users "would be horrified" at what is available on the Internet. He said that if pornographic pictures were found on office computers, companies could be open to prosecution.

Cambridge-based Pipex, which claims more than 80 per cent of the UK's corporate Internet users, selected which news groups to block after seeking the advice of police at Scotland Yard in London. The

Obscene Publications Squad confirmed that child pornography on the Internet had already become a serious problem. "The majority of the people we deal with have used news groups," he said. Child pornography had become available to people who a few years ago would not have known how to find it.

The approach Pipex has taken fits with the government's preferred option of a voluntary code of conduct for Internet providers, leaving censorship matters to users.

## Kitagawa to spend \$6.8m on expansion

By Peter Marsh  
in London

Kitagawa, of Japan, one of the world's biggest makers of specialised handling systems for machine tools, is stepping up its UK manufacturing operations. The costs of the £1.5m (\$6.8m) expansion project are being contributed jointly by the Japanese company and its European partner, Mr Tertius Threlpland, a UK machine tool expert.

Both have a 50 per cent stake in Kitagawa Europe, which makes specialised chucks and related handling equipment for computerised lathes. It has a factory in the south-west England city of Salisbury. The plant makes products for machine tool builders and factories already operating tools.

The investment is another sign of the better prospects for the UK machine tool industry, which is in a healthy phase after severe difficulties in the early 1990s.

The two partners in the Salisbury venture have spent £2.5m in the past year doubling the plant's annual output to an expected £5m this year. Mr Threlpland, who is chairman of Kitagawa Europe, said the company was likely to spend a further £2m in the next two to three years on new machinery to lift production further.

Roughly half the value of the products from the Salisbury operations are exports. "I'm cautiously optimistic," Mr Threlpland said. "The market looks set fair for the next couple of years."

Kitagawa's programme underlines the strong Japanese interest in the UK machine tool industry. Amada, the Japanese company that is the world's biggest machine tool maker, is considering a UK plant.

Yamazaki Mazak, also of Japan, and the world's second biggest tool producer, is expanding its British factory, and Matsura, another Japanese machine toolmaker, is setting up a new plant near Leicester in the English Midlands. It employs 60 people.

## UK NEWS DIGEST

# Chinese equity listings sought

Executives from the London Stock Exchange and some of its biggest member companies are heading to Beijing this month in a bid to persuade Chinese companies to list their securities in London. Mr Ian Salter, the exchange's deputy chairman, will host a seminar to explain the procedures and requirements for a listing, and how to make a Chinese company attractive to international investors.

London's ability to win secondary listings from companies in the industrialised world has declined since the 1980s as domestic equity markets in Europe have modernised and in some cases overhauled London. But London Stock Exchange officials believe that their market can still grow by seeking listings from emerging markets such as China.

In 1994 the exchange launched global depositary receipts, negotiable certificates which can sometimes be easier for international investors to trade and settle than the shares. Exchange officials say a London listing can be useful for companies which have outgrown their local market's ability to provide capital.

Companies from countries such as India, South Korea, Taiwan and Indonesia raised £3.5bn (\$5.28bn) through issues of depositary receipts last year. Stock Exchange brokers taking part in the Beijing jaunt include BZW, Robert Fleming, HSBC, Kleinwort Benson, NatWest Securities and SBC Warburg.

George Graham, London

## Bank governor wary over Emu

The debate on European monetary union will re-ignite this week with sceptical comments on the proposed single European currency by Mr Eddie George, governor of the Bank of England (the UK central bank). He is likely to re-affirm his extreme caution in evidence to the House of Commons Treasury committee on Wednesday.

Mr George is expected to say that Britain has a good chance of proceeding to a low-inflation economy with relatively stable interest rates even if it fails to join other countries in a single currency and a single European central bank around the end of this decade.

Also on Wednesday, Mr George will meet Mr Kenneth Clarke, the chancellor of the exchequer, for their regular monthly discussion on monetary policy. The consensus among City economists is that Mr Clarke is unlikely to sanction a further cut in base rates, from 6 per cent, even though signs have emerged in recent weeks that economic activity is weakening, particularly in manufacturing. Peter Marsh, London

## BSE may overshadow trade talks

European Union farm ministers gathered in Otranto, Italy, yesterday to discuss fears that new free trade pacts would ruin EU farmers, but their talks are likely to be overshadowed by the bovine spongiform encephalopathy crisis. Diplomats said Italy, which currently holds the rotating EU presidency, and other southern member states fear their farmers will be unable to survive the shock of opening markets to cheap farm imports from Mediterranean and eastern European countries.

But during three days of informal talks in the southern Italian seaside resort, British agriculture minister Mr Douglas Hogg was set to lobby discreetly to relax a worldwide ban imposed on British beef exports on March 27.

PA News

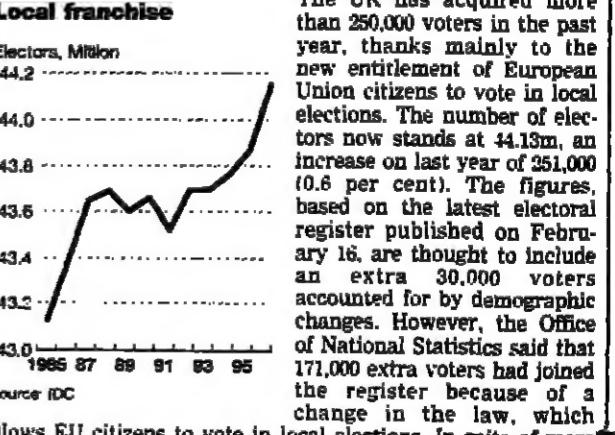
## Lawyers complain of bullying

High-flying lawyers complain of intolerable stress and bullying at work in a survey published in *The Lawyer* magazine today. The survey of 700 solicitors shows that more than 80 per cent are looking around for new jobs. Nine out of 10 say they suffer from stress and nearly a third see themselves as highly stressed - with the vast majority saying their personal lives had been hit by work.

A quarter of the solicitors who responded to the survey said the volume of work they were expected to do stopped them from taking their full entitlement of holiday. The study shows that 85 per cent believe that their profession had declined in standing in the public eye and that solicitors should be monitored and controlled by independent outsiders instead of The Law Society.

## Extra voters join register

### Local franchise



The UK has acquired more than 250,000 voters in the past year, thanks mainly to the new entitlement of European Union citizens to vote in local elections. The number of electors now stands at 44.13m, an increase on last year of 0.6 per cent. The figures, based on the latest electoral register published on February 16, are thought to include an extra 30,000 voters accounted for by demographic changes. However, the Office of National Statistics said that 171,000 extra voters had joined the register because of a change in the law, which

allows EU citizens to vote in local elections. In spite of more people being eligible to vote, there is little evidence of a growing enthusiasm among electors to exercise their rights in local elections. Municipal elections across England last week attracted little interest, with a turnout of about 30 per cent common in many areas.

George Parker, Westminster



Glenda Jackson, the Oscar-winning actress turned Labour MP, warns that the row may affect flotation prices. Photograph: Victoria Parker

# Rail investors are warned over cash dispute

By Charles Batchelor,  
Transport Correspondent

British Rail and Railtrack have disagreed over BR's demand for the repayment of £2m (\$3.62m) earned from renting advertising sites on stations and railway embankments. BR is the remnant of the former state-owned national network and Railtrack is the infrastructure company extracted from BR which is due to be floated on the London stock market on May 20.

A senior BR Property Board manager has written to his counterpart at Railtrack seeking repayment and threatening

to tear up the agreement between the two companies over the sharing of advertising revenues. Ms Glenda Jackson, a Labour party transport spokeswoman, called for an investigation into BR's claim, contained in a leaked letter, that money was being withheld. Potential investors in Railtrack should be warned.

Railtrack said the dispute related to revenues from about 1,000 advertising sites. The money had been paid to Railtrack by the BR Property Board but the board had asked for the money back on the grounds that the sites did not

belong to Railtrack. Ms Jackson said: "Withholding millions of pounds of taxpayers' money is serious enough. But, if it is proven, this has massive implications for the Railtrack flotation. Property income has always been central to the flotation price and potential investors must be made aware of this serious breakdown in relations between Railtrack and the BR Property Board."

However, the sums believed to be involved are small in relation to Railtrack's property earnings of about £115m (£178m) in the year ended March 1996 and in relation to its total revenues of £2.3bn.

But Railtrack said that the

regards for their particular needs and attitudes to risk.

"Our general view of the Railtrack offer is that it is likely to be realistically priced and could go well," the bank said. "The dividends payable in the early years are attractive to investors, accepting there are political risks."

The row highlights the sensitivity of the Railtrack issue for many banks, especially those such as NatWest which have high-ranking members of the governing Conservative party. Mr Douglas Hurd, who retired last year as foreign secretary, is a director of the bank and vice-chairman of NatWest Markets, its investment

banking subsidiary. The government's flotation price values Railtrack at between £1.75bn (£2.45bn) and £1.95bn.

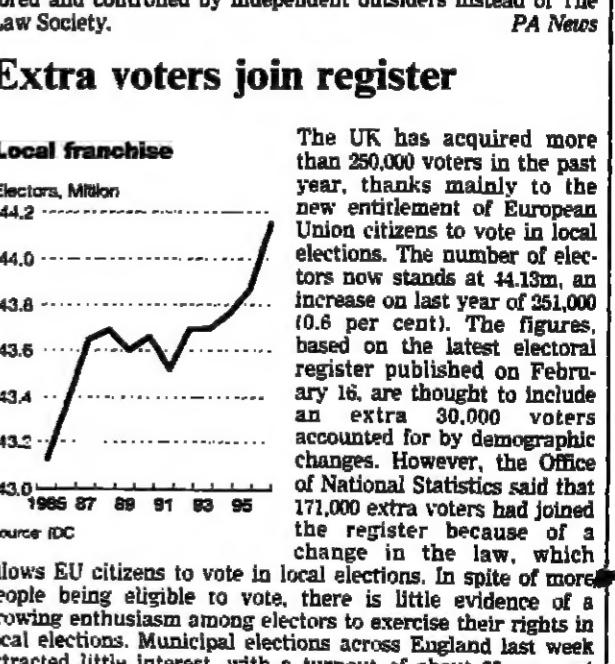
An analysis of the Railtrack privatisation by NatWest Markets last month picked out political risk as "the single most important element in the final valuation of the company at flotation... This is an industry which receives approaching £2bn of government subsidy per annum, unique in a privatised utility. Railtrack's profit and dividend streams are ultimately dependent on that subsidy, which is itself the subject of intense political debate, both as to size and method of delivery."

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George Parker, Westminster

# Soccer win will lift club's exports

By Simon Kuper in London

Manchester United clinched English soccer's Premier League title yesterday, raising the prospect of millions of pounds in extra income for the publicly quoted club.

Manchester won 3-0 at Middlesbrough while Newcastle United, the only other championship contender, drew 1-1 at home to Tottenham Hotspur.

"The club's future is in export," said Mr Alex Fynn, a marketing consultant to several large British football clubs, minutes after yesterday's title-clinching result.

The club's annual turnover has almost quadrupled in five years to more than £60m, thanks partly to soaring TV income and successful exploitation of its brand name to sell merchandise. Its shares have risen from 51p to 37p since 1990, taking its market value from £31m to £231m. Its pre-tax profits more than doubled from £7.5m to £15.3m for the six months to last January.

Champions League games

# Split over Europe 'must be buried'

By James Blitz  
at Westminster

Mr Michael Heseltine, the deputy prime minister, yesterday warned Conservative MPs to bury their divisions over Europe in the run-up to the next general election or hand certain victory to the opposition Labour party.

However, his warning that continuing divisions over Europe would amount to "political madness" and "lunacy" appeared to fall on deaf ears as prominent Tories voiced new calls for the government to take a tougher line on European policy.

In the wake of the party's poor performance in last week's local elections, Mr Heseltine warned Eurosceptic MPs that continuing divisions could lead to election victory for Labour - and the UK signing the European social chapter on workers' rights, the introduction of a national minimum wage and of a single currency.

Despite these calls for unity, Conservative look set to become even more pronounced in forthcoming days.

Mrs Teresa Gorman, one of the most prominent Eurosceptic MPs in the party, is expected to announce this week that she will introduce a bill allowing the British people a referendum on whether to quit the European Union.

They said that government-sponsored courses at Training and Enterprise Councils, which replaced apprenticeships, were not rigorous enough.

The problems are perhaps most acute in foundries - which suffer from an image of a dirty and dangerous industry. Mr John Young, a manager at Glynwedd Foundries, a subsidiary of Glynwedd, the engineering group, recalls going to a school on a recruitment drive only to hear the head teacher tell him: "Frankly, if any of my pupils had to work in the foundry industry I would feel I had failed them."

Companies are tackling the problems through better training, higher pay and more challenging jobs, particularly for managers. As Mr Young says: "We are no longer a smokestack industry and our company offers a wide range of opportunities."

The government survey shows that hard-to-fill vacancies are highest in London, where the high cost of living makes low-pay jobs hard to fill, and in the north, where there are shortages of people with high-grade technical skills.

Mr Arthur Ford, the northern region director of the Confederation of British Industry (CBI) - Britain's largest employers' lobby - said there were concerns about whether there were enough skilled people in highly technical fields such as semiconductors.

Companies are also beginning to see training as a continuous process not a one-off induction course.

But well-trained staff become a tar-

ge for poaching by rival businesses. Mr John Elvidge, manufacturing director at Lander Automotive, a car components maker employing 320 in Birmingham, said he spent £100,000 a year on training. "The difficulty is in retaining the best people who are attracted away to other companies at higher salaries."

However, these figures on skills shortages do not go unquestioned. The CBI said last week that, while individual companies may be experiencing recruitment difficulties, there was "no evidence at all" of a general increase in skill shortages.

The apparent contradiction is perhaps explained by the sharp differences between industries and regions. Government figures show the biggest difficulties are in hotels and catering, where 37 per cent of employers reported hard-to-fill vacancies, followed by health and social work with 22 per cent and manufacturing employers with 18 per cent.

Not all hard-to-fill vacancies are due to skill shortages. Low pay and poor conditions often deter potential recruits. Also, the definition of skill shortages is also often vague. For some companies it means a shortage of people with the right formal qualifications, such as an engineering degree. In other cases it means a lack of work experience, or lack of

## equity sought

## THIS WEEK

## Games nerds get hooked on reality

## DATELINE

**Tokyo:** there is no telling where Japan's latest penchant for role-playing games will lead or whether they will catch on elsewhere, writes Will Dawkins

games magazine. "It is a question of taste and culture," he says. Hamamura should know. He is probably Japan's most expert games nerd since he plays around half of the 50 titles per month that come on to the market for computer games.

It is one area of the software industry where it has a leading edge and, over the past year or so, that edge has gained new territory. The latest sophisticated role-playing games add a new dimension to real and imagined human relationships - in high street games arcades, on home computers and in cyberspace. Whether this is exciting or disturbing has stirred much debate.

Recent best-selling computer games in Tokyo invite the player to act out real life, or an idealised version of it, on screen. This is all far removed from the fantasy adventure games popular in the US and Europe, where players simply have to overcome numerous obstacles to win prizes.

But Japan's new fashion for personal role-playing may never be replicated elsewhere, says Hirokazu Hamamura, editor of *Famitsu*, the country's top-selling computer

game, titled *Princess Maker 2*, the player assumes the role of father of a pretty 10-year-old girl. It takes more than five hours of play - this time on a personal computer - to bring up the girl, a wide-eyed Barbie-type, to the point at which she assumes a job and goes on to get married. According to points won by her cyberparent, she can take a

range of jobs from cabaret performer (low score) to queen. Saccharine and spice are programmed in equal measure.

Etsuko Yamashita, a professor at Japan Women's University, finds *Princess Maker 2* "disconcerting". But the game's creator, Takami Arai, one of a new generation of young Japanese software writers with rock-star status, tries to deny that the game has a risqué flavour.

He claims the game enables Japanese men to dream of running the one aspect of their personal lives they can never control - their own families.

The border between reality and the virtual becomes more blurred with the newest generation of games, now on trial in Tokyo.

Fujitsu, the computer group, has just test-launched one of the first of this type, a personal computer game called *Tec: The Other Earth*. This is an idealised tropical world, with its own variable weather, day and night, inhabited by a shy bird-like

creature named *PhinPhin*, described as a "creature engine" able to think, sense and act independently. *PhinPhin* can be summoned with a whistle and can hear and see the player with the aid of a microphone and infra-red sensor, all included in the ¥18,000 price.

If addressed kindly, *PhinPhin* will sing and dance and may even, once its first inhibitions are soothed away, perform aerobatics. Brusque behaviour will cause it to tilt off and hide behind a tree. Players report that it takes an hour's play daily for three to four weeks to make friends with the coy creature.

"We are not selling an artificial creature. This is a computer that learns about the human being and becomes aware of the human," says Michael Birner, a Fujitsu spokesman.

But *PhinPhin* is a rare bird. Since the test launch last autumn, Fujitsu has sold only 4,000 copies. The game only runs on Fujitsu's computers.

The real trial will come at the end of June, when *Tec* comes out on Microsoft's Windows 95 operating system.

Japan has proved fertile ground for role-playing games, mainly because it has led the market in conventional computer games for many years, says Joe Oishi, electronic games analyst at Merrill Lynch in Tokyo.

Nearly two-thirds of Japanese homes own a dedicated games machine, according to a recent survey by Access Media International, and the top three makers of games machines sell as many in Japan as they do in the rest of the world.

The top-selling game at present is *DragonQuest VI*, a role-playing adventure which has sold 2.8m copies in the past four months and takes weeks to play. It is also a hit outside Japan, but lacks the psychological dimension of *Tec* or even *Princess Maker 2*. Others are not foreign hits, such as *Deep Blue Fleet*, a naval war game, in which

the player occupies Hawaii, frees Asia from colonial oppressors and wins a world war. Another recent game involves handling drums of lethal nerve gas inside a warehouse owned by a religious cult: a reference to last year's Tokyo subway gas attack.

Japan's love of computer games is not reflected in the personal computer and non-games software market. According to the AMI survey, more than 12 per cent of Japanese homes own a PC, and that is after a year in which sales have boomed.

Of course, the market may yet catch up. But in the end, the reason may be cultural, says Fujitsu's Michael Birner. His experience of struggling to sell software made by ICL, Fujitsu's UK subsidiary, in Japan indicate that Japanese consumers prefer computers that are intuitive, in the sense that they almost have a human interface, he says.

*PhinPhin* and friends seem to fit the bill nicely. If so, there is no telling where Japan's latest role-playing games may lead. One day, perhaps, the player or the computer may need to hit the Help button to find out who is which.

## PEOPLE

## Nothing noddly about Nigel Wray

The British entrepreneur has an uncanny record for finding ventures with potential, says Simon London

**N**ot everything touched by British businessman Nigel Wray immediately turns to gold. Saracens, the north London rugby union club in which the millionaire entrepreneur recently invested £2m, looks likely to be relegated from the first division of the Courage League.

Nevertheless, Wray has an uncanny record of picking winners in businesses ranging from publishing to property, pharmaceuticals to mobile phones. Because of his track record, his plans to exploit the commercial potential of Noddy, the children's character created by Enid Blyton, should be taken seriously.

Last week, Wray relaunched Noddy and outlined plans to exploit the character's potential by exporting him to the US, where the little boy with the funny hat is virtually unknown. Wray is also banking on some imaginative merchandising.

The story of Nigel and Noddy typifies Wray's opportunistic business style. In 1994, Burford, the property

company he chairs, paid £96m for the Trocadero building in Piccadilly Circus, central London.

Despite occupying one of the best sites in the capital - millions of free-spending tourists stroll past the building each year - a succession of owners has failed to exploit the Trocadero's potential.

So Wray and Nick Leslau, Burford's chief executive, decided to turn the building into a glitzy leisure attraction. A deal was struck with Sega, the Japanese electronic games company, to create Europe's first virtual reality theme park in the upper floors of the building.

Wray also recognised that the revamped Trocadero could form the core of a leisure company quite separate from Burford's mainstream property interests.

Trocadero plc was spun-off last year and is now valued by the stock market at £387m. Buying the rights to Enid Blyton's characters, including Noddy and the Famous Five, was the company's first deal as an independent company.

It is difficult to pin down exactly

why Wray has been such a successful investor. His instinct for backing talented individuals, such as Nick Leslau or Michael Green, is one reason.

Sheer enthusiasm and affability have also played a part. In the closed and gossipy world of commercial property, it is virtually impossible to find anyone with a bad word to say about Nigel Wray.

His large office on the top floor of Burford's West End headquarters has the comfortable atmosphere of a country house; it has antiques, an open fire and cricketing memorabilia.

Wray is not a workaholic. He is always concerned to avoid getting bogged down in detail, and claims that his best investments are the product of chance meetings rather than analysis.

There is some truth in this. He first met Nick Leslau because they went to the same school and their business relationship with Michael Green stemmed from a chance

meeting at the wedding of a mutual friend.

There have been setbacks along the way. Peoples Phone, the mobile phone retailer in which Wray holds a significant stake, delayed its planned flotation earlier this year following the abrupt departure of its chief executive.

Even so, Wray's reputation among investors, especially small investors, is formidable. His decision to buy a stake in a company is usually followed by a sharp appreciation of the shares.

One of his latest ventures is the transformation of Black & Edgington, an obscure supplier of marques, into Skypharma, an acquisitive drugs company.

Against this background it would be a brave punter who bet against Saracens playing in the top flight again before too long - or a small boy in a funny hat being transformed into a multimedia star. For all his talents as a good-natured deal-maker, there is nothing noddily about Nigel.



Wray plans to relaunch Enid Blyton's Noddy in the US

## NAMES IN THE NEWS

## P&amp;O and Stena brave the choppy Channel

ing £1bn worth of disposals, including the flotation of Bovis Homes. But there is still an underlying worry that P&O's huge capital spending is not producing adequate returns. While the cruises business is enjoying much success, big question marks remain over container shipping and ferries.

On the ferry side, Lord Sterling was one of the first companies to be quoted on the unlisted securities market. Two years later, Wray engineered a reverse takeover of the company by Michael Green's Carlton Communications, which then had a private concern with video production interests. He still has a seat on the Carlton board.

It is difficult to pin down exactly

which prevent it from discussing mergers with its cross-channel rivals.

P&O insists it has no specific plans to merge with Stena, the second biggest ferry operator on the Dover-Calais route. The complex undertakings involve the whole of the cross-channel market, it says, and merger talks could also involve Sea France or Brittany Ferries.

Lord Sterling survived a whispering campaign last year. If he is to restore confidence in P&O, he will have to convince people that he is making the right decisions about its ferries and container divisions.

A former construction industry chief based in the Swedish city of Gothenburg sounds an unlikely individual to be heavily involved in the cut-throat battle for survival in the English channel ferry business, reports Bengt Carnegy in Stockholm. But Bo Lerenius, chief executive of Sweden's Stena Lines, is trading punches with the best of them in the tussle between Eurotunnel and the ferry companies.

As the channel's second largest ferry operator after P&O, Stena has been hard hit by the tunnel's opening last year. Loss of traffic to the tunnel was the main cause of a

deepening of Stena's losses in the first quarter of this year from £50m to £80m last time from £80m.

But Lerenius, 50 this year, is not perturbed, stressing that Eurotunnel's success in taking more than 40 per cent of the cross-channel market may be hard to sustain.

Stena is cutting duty-free prices and will soon add two ships to its existing three vessels on channel routes, in a defiant further addition of capacity. Lerenius is taking over as chairman of Stena's UK operations so as to thrust himself even deeper into the fray.

He only joined Stena in 1992, brought in from a local construction

company as chief executive at a time when the group - the world's largest ferry operator - was struggling to recover from heavy losses.

Despite Eurotunnel's monumental losses and debts, Lerenius realises the tunnel will never be put out of business. In fact, if Eurotunnel went bust, a re-faced tunnel operation free of Eurotunnel's huge financial burdens could be even worse news for the ferry operators.

"Of course the hole in the ground will still be there," is how Stena executives describe it. But they insist that there will still be money to be made by "at least" two ferry operators. Lerenius maintains that Stena will be one of them.

Lerenius is adamant that a merger with rival P&O is not on the cards.

"We have no intention of doing anything else but going on our own," he says.

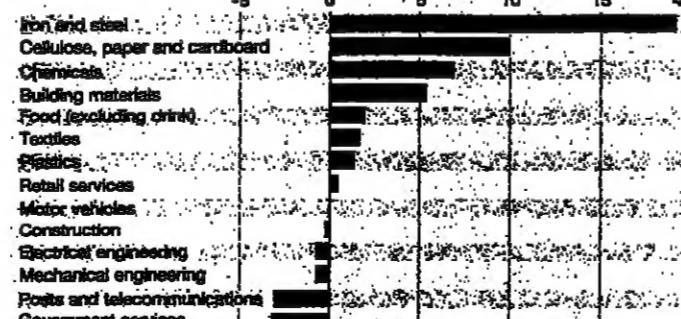
## Peter Norman · Economics Notebook

## Who's in aid of ecological tax reform?

Pressure for environmentally friendly policies is growing but so is the opposition

## Price impact of ecological tax reform

Net effect after 10 years on selected products and services (£m)



households and businesses.

The Frankfurter Institut is concerned that ecological tax reform could damage Germany's international competitiveness when it is already under pressure, and fears that a step taken in national isolation could easily deter new foreign investment and thus cost jobs.

The institute acknowledged that Germany might gain some benefits from the development of environmentally friendly technologies that could breach the principle that taxes should not exceed the taxpayer's capacity to pay. This objection applies especially to Green party proposals. As well as adopting the DIW model of a steadily rising energy tax, the Greens have advanced plans for sharp increases in taxes on motor fuel over a period of years to drive people on to public transport.

There are also worries about the scale of the Green party's plans. Its scheme envisages ecological tax income of DM260bn (£113.50bn) a year after 10 years, a bountiful sum that it is difficult to imagine being channelled back in full to the chemical industry.

Meanwhile, the generally positive conclusions drawn from the DIW report have not gone unchallenged. As well as triggering howls of protest from business, which is already saddled with some of the highest energy costs in Europe, ecological tax reform has incurred the opposition of the association of

fare restructuring in the "programme for more growth and employment" were agreed by the Bonn coalition parties 10 days ago. They will stand a better chance of passing the Bundesrat, the second chamber of parliament, where SPD-controlled state governments have a majority, if there is an ecological component to reform. The government's plans include one step: a planned reform of motor vehicle taxes that will link the amount of tax paid to exhaust pollution.

Recognising the pressure for some form of ecological tax, the Frankfurter Institut has recommended targeting any new tax on domestic energy consumption only. Private households are responsible for about a quarter of Germany's carbon dioxide emissions. Transport services, which to a large extent reflect private demand, account for another 30 per cent.

Putting this idea into practical form, a senior government figure, Hermann Ottolins, leader of the Free Democrat party in the Bundestag, has urged the imposition of value added tax at a rate higher than the standard 15 per cent on petroleum, natural gas, heating oil and electricity. This would spare business extra costs while the gain in revenues could be used to help finance lower income tax rates.

Whether such a simple proposal could negotiate Germany's parliamentary jungle is unclear. But the Greens idea appears to meet the first rule for ecological taxation laid down by the sceptics of the Frankfurter Institut, namely that "the introduction of any such tax must offer advantages even if the desired but sadly uncertain environmental advantages fail to materialise".

## Pence for electricity determined for the purposes of the electricity pooling and trading system in England and Wales

Source: Electricity Pooling and Trading on 20.5.96

Period	Pool price	Pool price	Pool price	Pool price
1st hour	13.54	13.54	13.54	13.54
2nd hour	7.50	15.19	16.85	16.85
3rd hour	7.50	15.19	16.85	16.85
4th hour	7.50	15.19	16.85	16.85
5th hour	7.50	15.19	16.85	16.85
6th hour	8.91	13.47	15.13	15.13
7th hour	8.91	13.47	15.13	15.13
8th hour	8.91	13.47	15.13	15.13
9th hour	8.91	13.47	15.13	15.13
10th hour	12.72	14.58	14.58	14.58
11th hour	12.72	14.58	14.58	14.58
12th hour	12.72	14.58	14.58	14.5

## MANAGEMENT

**Christopher Brown-Humes** reports on efforts by a small Swedish textile manufacturer to transform a former Soviet monolith

# David and Goliath in Estonia



had earlier forced it to abandon.

"Huge it may have been, but I could immediately see the potential," says Mauritzon.

The deal, negotiated with the Estonian Privatisation Agency, had to be based on fixed assets and inventory in the absence of a proper balance sheet. Boras took 75 per cent of a new company, Kreenholm Holding, and the Estonian state the balance. The price was \$10.5m (\$8.9m) for the fixed assets and almost \$20m for the receivables. But Boras's own risk was limited to \$2m in equity.

Boras wanted the Estonian state involved because, says Mauritzon, "we were sensitive about our role as a western capitalist buying Estonia's biggest industry". Only two main conditions were imposed on the Swedish company: that staff numbers - then 5,800, should not fall below 2,000 for three years, and that \$1.5m should be invested in the plant over the same period.

Mauritzon says that when he first saw Kreenholm in 1993, he was daunted by its sheer size - 116 buildings spread over 800,000 sq m - and by the political sensitivities of operating in Narva. "If you were looking for difficulties, it was very easy to find them," he says.

But the plant was just what Boras wanted. Equipment and machinery were reasonably modern. Technical quality was high. Costs were very low. Above all, Boras had a chance to use 125 years of textiles experience to re-enter market segments which high Swedish costs

had earlier forced it to abandon. Mauritzon says changing the mentality of Kreenholm management was Boras's top priority. "The attitude was, 'customers have to buy what we produce,'" he says.

The first step was to split the group into a mother company and six subsidiaries. This immediately provided internal competition: for example, the company's weaving unit can now buy yarn outside the company if it is cheaper than material from the spinning unit. "We had to get the cold steel and cold blood from the market as deep as possible into the company," says Mauritzon.

The company then turned to a consortium of Nordic banks, comprising Sweden's Swedfund International, the Helsinki-based Nordic Investment Bank and the Estonian Investment Bank. Again, Boras found it hard to come up with the detailed projections and management plans the banks were after. These talks also ended in failure. The finance was eventually put up by a Swedish factoring company, financed by Skandinaviska Enskilda Banken, one of Sweden's leading commercial banks.

Mauritzon remains sordid about the financing difficulties, but accepts there was a clash between his industrialist way of thinking and the banks' financial mentality.

Part of the problem was that Boras was negotiating a financing facility before its management strategy had fully evolved. "The banks felt stronger management support was going to be needed on the spot," says the Tallinn banker.

We are merely mentors to them."

Mauritzon stresses the high technical quality of Kreenholm's middle management, but says their lack of market orientation has been a significant handicap. To correct this, management training courses have been run by Mercury International, an Estonian group, over the last year, and many managers have had intensive English tuition.

Alongside this overhaul, Kreenholm has worked actively to broaden its product range and improve deliveries.

It has also set up a marketing company in Estonia, a sales company in Sweden and established links with agencies in many other countries. Mauritzon says Kreenholm is marketed more as a European company than an Estonian one. "Estonia still gives people the impression of cheap, bad quality goods with uncertain deliveries," he says. Stores such as IKEA, the giant Swedish retailer, have become customers.

Job cuts have been the most sensitive issue. Staff numbers have already fallen from 5,800 to 5,000 over the last year, and a further 1,000 job losses are expected over the next 12 months in a drive to lift productivity by 20 per cent. Mauritzon says the factory still employs a lot of "service" staff as a hangover

from the Soviet days of full employment - people such as lift operators, for example.

But in a city where unemployment could already be running at 20 per cent, there are fears of a backlash. In February, a prominent ethnic Russian warned of Russians rioting in Narva's streets, and of possible Russian intervention if Estonian troops were sent to quell them.

Mauritzon is dismissive of such gloom. He says he has detected no signs of ethnic tensions in the factory. Greater problems, by far, have been criminality (with whole lorries of fabric being stolen in the past) and severe disruptions, early last year, to the company's cotton supplies from central Asia.

Despite these difficulties, Kreenholm made a modest SKr3.5m (£343,000) profit last year on turnover of SKr420m - and hence contributed to the broader upturn in Boras's performance where 1995 profits tripled to SKr32.3m on a 70 per cent jump in turnover to SKr1.28bn.

Kreenholm aims to lift turnover this year by 20 per cent, but Mauritzon is reluctant to disclose other financial targets, such as return on capital. He stresses that Kreenholm is not competing with Boras, which has a much more exclusive range and, in many cases, different sales outlets. "Kreenholm's competitors are Pakistan, India, Malaysia, Lithuania and some factories in Russia," he says.

Kreenholm has started well under Boras control. But there is a long way to go. Productivity lags far behind western levels. It still takes eight times as long for Estonian textile workers to produce a kilo of yarn as it does for the group's Swedish workers. Quality can also be improved.

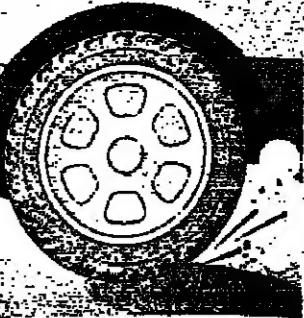
Björn Sellen, a Swedish home textile manufacturer, was a customer of Kreenholm before the Boras takeover and has since increased its business with the Estonia factory.

"Delivery times have certainly improved," says Sven-Ove Fingard, the group's sales manager, although he says they are still subject to disruption when Kreenholm has problems with its own raw material supplies. Quality, on the other hand, has shown no improvement, and Sellen has sometimes been frustrated by the time it has taken for Kreenholm to produce the right colours for its designs. "But we certainly get the feeling they are on the right way," says Fingard.

The factory retains a vast cost advantage in the form of low wages. An average Estonian textile worker earns just \$1.5 per hour, less than a tenth of Swedish levels. Boras is determined that even if inflation drives up wages, overall costs per unit will not increase.

Mauritzon does not claim the western takeover has boosted living standards for Kreenholm's workers nor improved their morale. "The managers who are closest to this feel more and more motivated. But for the workers it is different. Many of these people feel it was better in the old times. They feel safe. Today they don't feel as safe any more," he says.

He still feels the workers will be better off in the long term, and has no doubts about the wisdom of his purchase. He is looking forward to proving the bankers who doubted him wrong.



## FAST TRACK

### GMV

Juan Jose Martinez-Garcia has brought the front-edge technology of the European Space Operation Centre near Frankfurt to the police department of a dormitory town outside Madrid. A former senior mathematician at the centre, his principle is that if you can track an object in the upper atmosphere you can keep tabs on everything that moves at ground level.

Now a professor of flight dynamics at Madrid University's school of aeronautical engineering, Martinez-Garcia has applied the lessons he learnt at the European Space Agency to GMV, a business he created in 1984 with Pta500,000 (£2,600) and five of his students.

"I became convinced that there were specific areas where investment consisted of putting brain power together, not cash," he says. One of his company's assets is the competence it has acquired in Global Positioning System (GPS) technology.

GMV reported a turnover of Pta1.3bn last year and employs some 80 engineers. Headquartered at a greenfield site half an hour's drive from Madrid, GMV uses the adjoining new town, Tres Cantos, as a showcase for some of its products.

Martinez-Garcia has supplied GPS equipment, developed by a unit called GMV Systems, to the town's police patrol cars and ambulances. The equipment permits real-time monitoring of the exact location of the vehicles and guides them along the fastest routes to where they are needed.

The company's core business is in space flight dynamics and in satellite guidance and navigation systems.

Martinez-Garcia says GMV is "certainly the leader in Spain and possibly in Europe" in GPS research and application; his long association with the European Space Agency ensures GMV's ability to compete as a specialist supplier to the ESA.

GMV Systems was created to "spread the risk" of the niche activity by bringing its mission analysis dexterity down to the mundane level of recognisable everyday life. Martinez-Garcia, who has grafted entrepreneurial expertise on to his scientific skills, talks about a huge, incipient market".

Recently he sold a GPS application to Seur, a parcel delivery service, which monitors the movements of the company's vans. He also has a GPS product line designed for buses that, after factoring in traffic jams and other variables, will inform expectant passengers, via panels set up at bus stops, when their bus will arrive.

Yet another GPS application is a finder for stolen vehicles - a box, the size of a cigarette packet, which is concealed in a car and could be developed commercially by insurance companies.

Martinez-Garcia, GMV's owner and chief executive, is determined to remain independent and believes the company's profits are sufficient to finance an acceptable pace of growth. "If you gobble, you get indigestion," he says. In addition to its space sector profits, it has tapped a steady income source by developing "firewall" software protecting Internet systems.

He expects GMV to grow by 20 per cent a year and to have doubled its business over the next five years. "There is a real explosion in the GPS business."

**Tom Burns**

# Cedric: damned and be published



**Lucy Kellaway**

I am greatly looking forward to *Cedric* - the book. At his final public appearance as Britain's most hated man, Cedric hinted that he was saving his best thoughts for a possible autobiography.

I do hope he gets round to writing it. His display at last week's British Gas annual meeting showed this much-maligned figure to be someone of dignity, whose story deserves an airing.

Few businessmen have been subjected to such prolonged and repeated public floggings. They have no training for it, and I suspect few would weather it as well as he has. Instead of doing a Sir Richard Greenbury and lashing out against the press (which would have just made him look petulant), Cedric said mildly that yes, the attacks had hurt. "If you are a human being it is going to. But you learn to cope with it and learn a lot about yourself."

His tale will surely be rich in human drama - with its sorry effect on his self-esteem, career, family and social life. The only thing that gives me pause was his remark that the last two *annus horribiles* should be seen in the context of his 43-year career as a gasman.

If I were his literary agent, I would advise him to go light on the early days. There is a limit to how much the public wants to know about the life of a young lab assistant. In fact, if I were his agent I might see if I could interest a first-rate ghost writer or, better still, a playwright in the story. *Cedric* could make a great David Hare play: it is a pity that Dennis Potter is no longer alive - he was a master at dealing with paranoia, greed and late mid-life crises in males.

I can just see Cedric dubbed over singing *Smoko Gets In Your Eyes*, or *Money Makes the World Go Round*.

One of the problems with laying people off is how to motivate those who are left behind. Recent figures

from the American Management Association show that firing half the workforce may do nothing for productivity, while there are fewer people doing the same amount of work, they do less effectively because their morale is so low. The two effects cancel each other out.

In the US they call this "lay-off survivor sickness", and there are countless management courses to combat it. One such is "Individual and Organisational Healing" at the Centre for Creative Leadership in North Carolina.

According to David Noer, who runs the centre, the trick is to facilitate grieving. Writing in this

month's *Harper's* magazine, he recommends getting survivors into groups to vent their feelings and to organise a wake, with candles and music. He also says it is essential to "break the co-determinacy chain", whatever that might be.

His most radical answer is to redesign the relationship between organisations and workers so that firing people would become a cause for celebration rather than lament. In the new age of flexible working he says that there should be no more perks for employees: no staff picnics, no share option schemes, no cut-price membership at the local gym. Appar-

ently all these foster dependency.

Probably Noer is right. If you make people's jobs unpleasant enough they are not going to be particularly upset when they are fired.

Furthermore, if you cut all these

benefits you can afford the money to send all your managers on Noer's course. It costs \$2,900 (£1,920) for five days.

Did you know that only 3 per cent of people approve of couples with young children who both work full time? This statistic appeared in an article by rightwing economist Patricia Morgan in the latest Prospect magazine.

I have no idea whether the figure is right or not, or who these "people" are. But I am fed up with this and all other surveys that purport to show what women want or what other people think they should be doing.

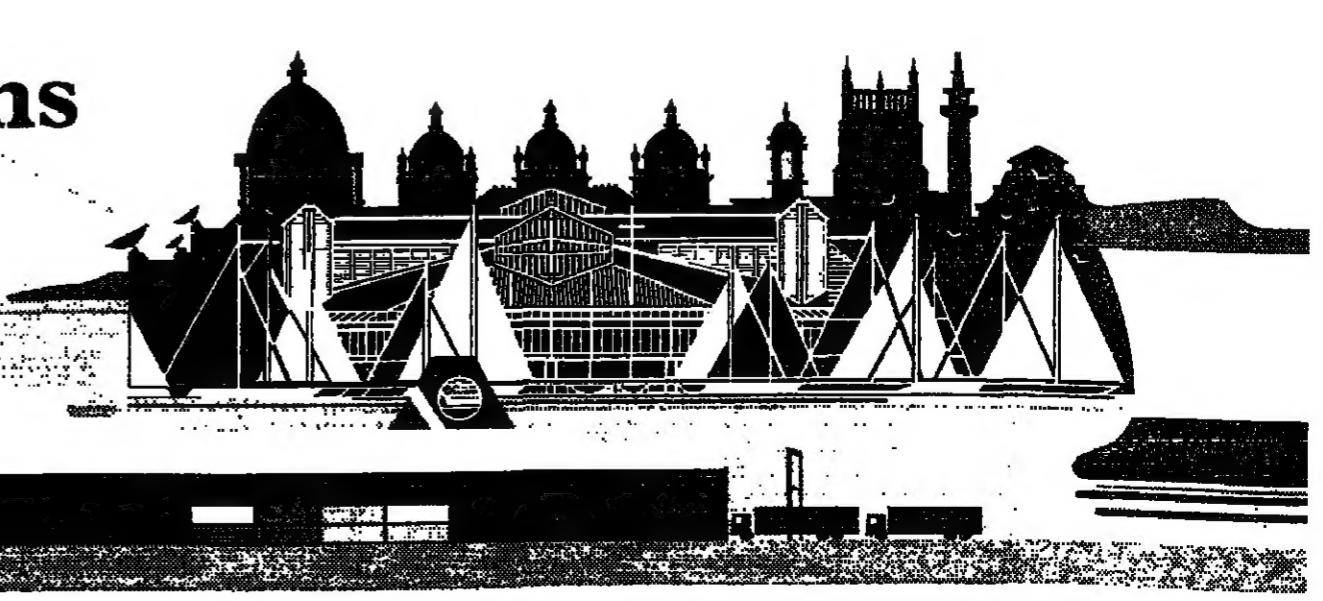
A few weeks ago an academic at the LSE dared to publish research

showing that women really prefer staying at home, whereupon all hell broke out. Her feminist colleagues jumped on her and insisted that, on the contrary, women want to work.

The truth of the matter is quite simple. Some women want to work. Some women do not. But what all women want is to stop being made to feel guilty for whichever option they take, and be left to get on with it, whatever it may be.

Persil is a soap powder. It is not a "flagship". Neither is it a jewel in anybody's crown. No, it is just a big-selling soap powder. Of all the horrible bits of marketing jargon, about "positioning" and so forth, it is the flagships and jewels that irritate me most. I realise this is a losing battle, but I would like to suggest an alternative. The products, stores and assets that are called by this dreaded f-word could be described as "best-selling" or "best-known", as they always used to be.

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### Bourses to launch new junior market

By Christopher Price in London

Competition from European exchanges for the attention of UK companies and investors is set to increase following an agreement between the Paris, Frankfurt and Brussels bourses to co-operate on the launch of a pan-European market for smaller companies.

The announcement comes as preparations are made for the launch of Easdaq, a European version of the US Nasdaq market and also aimed at smaller companies, reach an advanced stage.

The latest venture, to be called Euro NM, is being coordinated by the Le Nouveau Marché - (a subsidiary of the Paris bourse which started operating in February and has attracted just three companies, although it said six applications are pending).

The new French market has linked up with the Neue Markt, which is being planned by the Frankfurt exchange, and a similar version from the Brussels Stock Exchange, to form Euro NM.

Based in Brussels, Euro NM will co-ordinate the setting up and promoting of a European network of markets for fast-growing young companies.

Le Nouveau Marché and Deutsche Börse, owner of Neuer Markt, said although the new exchanges would be initially aimed at the domestic market, they eventually wanted to attract UK companies. UK investors would be targeted at an early stage.

"We are sure UK fund managers would be very interested in the small company market in Germany, France and other member countries which could eventually join," said Le Nouveau Marché.

Meanwhile, Easdaq confirmed it was on schedule to launch in September. Around 20 companies are likely to be trading in the first few weeks.

In the UK, the launch last June of the Alternative Investment Market by the London Stock Exchange, and Oxfex, by a marketing firm, has revitalised the market for small company floatations.

While the new markets are likely to provide interesting investment opportunities, doubt remains over whether the funds of the membership is available for interest to be sustained.

### UK utility plans Australian bid

National Power has confirmed it is considering making a joint bid for the brown coal-fired Hazelwood power station in Victoria, Australia. It would make an A\$1.6bn (US\$1.25bn) bid this summer with Pacificorp, the US utility.

National Power said this was one of several options for international expansion it was considering. Other overseas developments being considered include establishing a power station at a greenfield site in Turkey and developing two more generating projects in China.

## AGF sale brings pledge from chairman

By David Owen and Andrew Jack in Paris

Mr Antoine Jeancourt-Galignani is to step down from the board of several large French companies following the French state's decision to sell the bulk of its holding in Assurances Générales de France, one of the largest French insurers.

The AGF chairman said he would be "cut my participations" in other French companies. He has 13 French directorships. Last year's Vénot report on corporate governance said directors should sit on no more than five boards.

His pledge came as preparations

were under way for the sale of most of the state's 57 per cent stake in AGF, in France's first large privatisation of 1996.

The ministry of finance announced late on Friday that the state intended to sell at least 52m of its 77m AGF shares "if market conditions permit". Analysts believe the sale should bring between FF10bn (US\$1.65bn) and FF12bn of the FF20bn the French government aims to raise from privatisations this year. The shares dropped FF2.50 on Friday in the falling Paris market to FF13.75.

A pre-placement period will start today, allowing potential investors to register their interest in buying shares. About 17m shares will be offered to the general public, with 35m for institutional investors and between 6m and 7m for the group's employees, who will receive preferential terms.

AGF said on Friday that, of its other big shareholders, Société Générale, the banking group, intended to raise its stake in the company from 2.5 per cent to 5 per cent, while Paribas, another French bank, would increase its holding from 1.5 per cent to 2.5 per cent. Aachen and Münchner, the German insurers, would retain a 5 per cent holding in the company.

In addition, the Swiss groups Swiss Re and Crédit Suisse Holding, Athéna

Assurance of France and INA of Italy are also intended to become shareholders because of their "technical, commercial and financial relations with AGF".

Mr Jeancourt-Galignani said that AGF had attempted to limit the number of large shareholders with a stake in the privatised group.

He added that both Rhône-Poulenc, the chemicals and drugs group, and Schneider, the electrical equipment maker, had been interested in taking holdings. "We said no - we want to be free to manage in the interests of our policy-holders," he said.

Reshaped AGF set for privatisation, Page 18

US pulp producers hope price rises will heal wounds caused by savage cuts

### Crumpled paper groups try to straighten out

Battered pulp and paper producers are starting to poke their heads above the parapet after a brutal nine-month pounding that has left them bruised and dazed.

Over the past few weeks, several US pulp producers have announced price increases to take effect on June 1, with most grades going up by \$50 a tonne to \$450-\$480 a tonne.

The producers hope that these rises will begin to heal some of the wounds caused by the price-cutting war which at the end of last summer halted the soaring markets of 1994 and early 1995.

For wood pulp, which has a reputation as one of the world's most volatile commodities, the markdown in prices has been savage. Prices for northern bleached softwood kraft, the industry benchmark, have plummeted from a record high of \$1,000 a tonne last September to less than \$500 a tonne. Mr Peter Cutler, group economist at Arjo Wiggins Appleton, the Anglo-French paper pricing, says the current pricing environment is the most volatile the industry has ever seen.

Producers justify the current round of increases by pointing to a few glimmers of light.

North American demand for cardboard boxes picked up modestly in March and April, while pulp buyers are taking advantage of the low prices to place new orders.

China has reappeared in the past month as a sizeable pulp and paper importer. In addition, recent declines in German interest rates have encouraged forecasts of stronger demand in western Europe, which accounts for about 45 per cent of the world's pulp trade.

However, the main impetus for the price rises appears to be producers' own eagerness to repair the damage wrought by the precipitous declines of the past nine months. "Everyone is still shell-shocked at how fast prices came down," says Mr Mark Diverio, analyst at UBS Securities in New York.

Indonesian pulp mills, after being in the forefront of aggressive discounting late last year, were among the first to raise prices this spring. "The

Indonesians have realised that they are not immune from counter-attack from the rest of the industry," says one North American executive.

Although current pulp prices are sufficient to cover the lowest Indonesian mills' operating expenses, questions have been raised about their ability to service their heavy debts.

The lead in pushing up North American prices was taken by Georgia-Pacific, one of the weaker producers. Price-cutting by Georgia-Pacific was blamed for last winter's downward spiral but last month it reported first-quarter income of only 55 US cents a share, down from \$2.65 a year earlier.

The price war has also hit European producers who enjoyed booming earnings growth last year. Stora, the big Swedish forestry group, posted a 24 per cent fall in first-quarter profits.

Arjo warned that conditions in the industry were poor. Mr Cob Stanham, chairman, said: "The first half of this year against the first half of last year is going to be terrible."

Some observers question whether companies have the discipline to make the recent price increases stick.

Producers justify the current round of increases by pointing to a few glimmers of light.

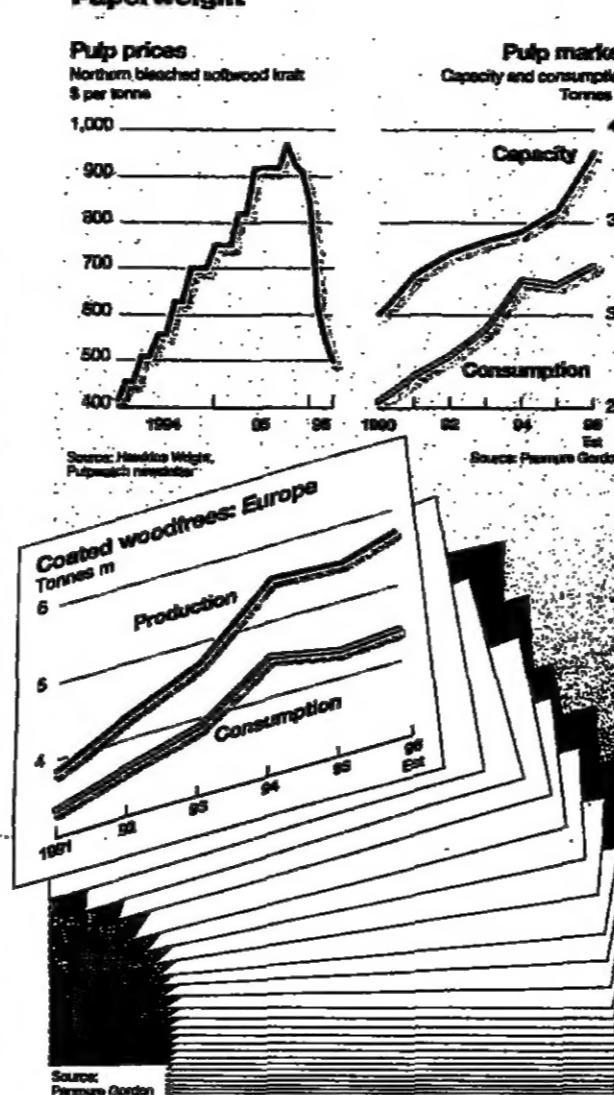
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### Paperweight



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## Pharmacia & Upjohn takes \$257m charge

By Daniel Green in London

Pharmacia & Upjohn, the pharmaceuticals company formed from the merger of Swedish and US parent last year, took a \$257m restructuring charge for its first full quarter of existence.

The figure takes the total restructuring charges since the merger was completed in November to \$345m. Some 1,200 people had left the company by March 31, from 4,100 projected to leave over the next year or two.

The merger was on track, said Mr John Zabriskie, chief executive, and the annualised cost savings were on target to reach the \$300m originally predicted. Some 85 per cent of the savings are projected to take effect in 1997.

The merging of sales and marketing has been completed. In research and development, the number of research projects will be cut by 20 per cent. The company expects to submit 20 new products or versions of existing products to regulators this year.

The charges - \$175m after tax - left net profits at \$50m, compared with the combined \$233m for the two groups in the first quarter of 1996.

Net earnings per share were \$0.40 against \$0.45 a year ago. Excluding charges, net earnings per share rose to \$0.44, up 7.3 per cent from last year's \$0.41, excluding non-recurring items.

Sales for the quarter were up 3.5 per cent to \$1.74bn, substantially lower than the growth

rates at other large pharmaceuticals companies which have reported first-quarter sales increases of approaching 10 per cent. The company said that this was because its position in the product cycle meant that sales of older drugs which had lost patent protection were still falling while new drugs were not yet compensating.

Sales of infectious disease treatments, the company's biggest single medical area, fell 14 per cent from \$190m to \$163m. Other companies have seen a similar effect as a result of less severe influenza in 1996 than the year before.

Nervous system drugs sales fell 3 per cent from \$185m to \$181m. Competition hit sales of Xanax, an antidepressant which has lost patent protection. Sales were also hurt by weakness in Japan, some of which was the result of restocking ahead of mandatory price cuts.

The best performance came from women's health products, including the injectable contraceptive Depo-Provera, where sales rose 47 per cent. Total sales of women's health products rose 14 per cent to \$12m.

Sales in the consumer health division rose 53 per cent from \$103m to \$157m, thanks largely to the launch of Nicorette, a nicotine chewing gum, and Rogaine, a hair regrowth product.

Sales of ophthalmology products fell 13 per cent to \$227m as competition increased and emphasis on Anglo-Saxon corporate governance and healthy return on capital.

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**Deutsche Bank-Kleinwort Benson**

**Goldman, Sachs & Co. OHG**

**UBS Schweizerische Bankgesellschaft**

**Commerzbank**

**Dresdner Bank-Kleinwort Benson**

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## COMPANIES AND FINANCE

## Reshaped AGF now set for privatisation

The French insurer believes there is considerable scope for growth, writes Andrew Jack

**M**r Antoine Jeancourt-Galignani, the chairman of Assurances Générales de France, the second-largest insurance group in France, can breathe a sigh of relief this week. More than two years after he was appointed by the government to bring about the rapid privatisation of the group, the process was finally launched late last Friday.

Just ahead of a programme of marketing presentations to sell shares to foreign investors, which begins in London tomorrow, he admits that with hindsight he is glad the original date of autumn 1994 had to be repeatedly delayed.

"Since then, we have cleaned up the legacy of the past, defined a new strategy for the future and created new management tools and a compensation system linked to incentives," he says.

"All together, that makes us much better prepared for privatisation."

Two factors explain the delay in AGF's sale. First, shares on the French stock market - and notably for companies in the financial services sector - have fallen sharply. Investors in UAP, France's largest insurer which was sold in spring 1994, are still seeing their shares trade at less than the privatisation price at which they bought them.

The last thing the government of AGF wanted was a repeat of such disillusionment. That is also why Mr Jeancourt-Galignani refuses to be drawn on how many individual investors he expects to buy shares. "I'm not going to be drawn into that game. But the days of multi-millions of shareholders are over."

However, he argues that investors now face an "attractive period of the cycle", with the group's shares trading at a

substantial discount to the value of its assets, offering them good value if the price picks up again.

A second and related reason for the delay in the sell-off was the need for substantial restructuring and write-offs across the country's financial sector, largely linked to the crisis in the French property market.

Like most of its banking and insurance counterparts, AGF was forced to take repeated provisions to reflect the slump in prices.

But the group had an additional burden on top of its own activities in the sector. In late 1994, it received the results of an audit into the health of Comptoir des Entrepreneurs, a specialist property bank controlled by the government, in which AGF held a 29 per cent stake and to which it had also made substantial loans.

Despite an initial rescue package earlier that year against loans valued at more than FF15bn (US\$1.5bn), it became clear that Comptoir would need a second restructuring to handle a further FF7.5bn of bad loans. AGF took majority control of the bank, in exchange for the government assuming responsibility for a high proportion of the losses likely to be incurred.

Mr Jeancourt-Galignani says that AGF has now made substantial provisions against its remaining exposure to the losses at Comptoir, changed the bank's management, and started a programme of cost cutting and got to work on the development of a more conservative future strategy.

More generally, he stresses that AGF - which took FF15bn in other provisions against its property during 1995 - is now well covered against further deteriorations in prices, and



Antoine Jeancourt-Galignani: "Now much better prepared"

has introduced a policy of "marking to market" in its accounts to ensure that the value of its investments is in future tightly linked to market conditions. "We have cleaned the balance sheet," he says.

While this process was going on, he also developed a new strategy for AGF with help from the management consultants McKinsey.

The outcome, unveiled to staff at the start of this year, was to concentrate future business in four areas where it already has an important market share and believes there is considerable scope for growth: life assurance, health and medical care; corporate risks; and credit insurance.

The group is reducing its commitments to other activities which it believes will be less profitable, such as household and car insurance, where there is growing pressure from

alternative suppliers with low costs including banks and even retail chains.

Some analysts argue that traditional insurers face comparable pressures when selling life assurance.

But Mr Jeancourt-Galignani says that in this area "the cost war is not lost". He stresses that his group's sales team - armed with sophisticated computers linked to databases, paid by results and without "marble offices" - can remain competitive.

What remains less clear to AGF's critics is the shape of its international activities. While it is the second largest insurer within France - and the leader in a number of specialist lines - its operations in other countries appear more scattered and uneven, and some such as Spain have proved costly.

The AGF chairman says these losses have been brought into account.

under control. He concedes there is not always "coherence" between its business lines internationally, but that such coherence exists within the group where it is necessary to create "synergies", such as in credit insurance.

Perhaps most significantly, AGF has a 33 per cent stake in the German insurer AMB. The holding is locked in until 2000 - the legacy of an abortive takeover battle.

He admits that in the past, co-operation between the two groups was non-existent, and that the capital locked up in the investment has provided only modest returns, but says the situation is now beginning to change.

**A** final structural change at AGF is now taking place as the re-allocation of its share capital between its four business lines, each of which has an objective to reach a return on equity of 10 per cent.

By next year, 140 of the group's top managers will have sacrificed 5 per cent of their fixed pay in exchange for performance-related bonuses to encourage them to reach the target.

Mr Jeancourt-Galignani says that a union leader recently complained to him that the current changes within the group were too revolutionary. After the second world war, the message was "all for the staff". Then it became "all for the clients". Now it is "all for the shareholders".

The AGF chairman sees this as a good sign that his new management approach is now being discussed at all levels across the company. The next few weeks will show whether investors believe it is a philosophy that can be turned into practice.

By Hugh Carnegie  
in Stockholm

Merita, the dominant Finnish banking group, confounded gloomy market speculation about its financial health by reporting a pre-tax profit of FM233m (US\$45.5m) in the first quarter of the year.

The group - formed last year

from the merger of Kansallis-Osake-Pankki and Unitas - said the result compared with a loan loss of FM633m in the last quarter of 1995.

However, total non-performing loans of FM7.2bn, out of total lending of FM11.6bn, were only slightly down as Merita continued to struggle with the problem of sour credits.

The group included FM377m to Eurotunnel, the troubled Anglo-French channel tunnel operator which has halted interest payments.

Net income from core financial operations at FM1bn was down about FM150m from the

comparable performance a year ago, mainly due to lower lending volumes. But total income was lifted by a swing in income from securities trading from a loss a year ago to a gain of FM233m.

Mr Vesa Vainio, chief executive, said the first quarter result "confirms our estimate that the full-year result will be firmly positive" and an improvement on last year's FM491m profit.

However, investors continue to worry about Merita's financial stability - worries which last month pushed the share price down below FM10.00.

The group's real estate portfolio, booked at FM20.5bn in the group's balance sheet.

Merita shares closed down about FM150m on Friday at FM10.50.

## Crédit Agricole chief says Indosuez will not be merged

By David Owen in Paris

Crédit Agricole would seek to offload Chevreux de Virieu, a brokerage firm owned by Indosuez.

"The rumours about an eventual transfer of Chevreux de Virieu are unfounded," he said.

"If we buy Indosuez, it is not in

order to proceed to break it up."

Mr Douroux acknowledged there was some overlap in the two banks' activities, but said the ways in which they complemented each other were much more important.

"That is why this operation makes sense," he said.

Organisational changes would come after careful assessment of the two banks' strengths. Their corporate cultures were "ter-

tainingly different, but not fundamentally so".

He said Crédit Agricole's aim was to improve Indosuez's profitability and to make it more competitive. The bank would continue to pursue the restructuring plan in progress since the start of the year. This aims to turn Indosuez into an international integrated investment bank, specialising in Europe, the Middle East and Asia.

Crédit Agricole, which has a relatively minor foreign presence despite being the largest French bank, did not harbour

"pretensions of becoming a global player in every field", he said. "But we think we are taking a big step."

## INTERNATIONAL NEWS DIGEST

### First-quarter fall in results at Viacom

Viacom, the US entertainment group, suffered an 18 per cent drop in operating income in the first quarter to \$274m and a 4 per cent drop in cashflow to \$646m as a result of poor results from the Paramount film studio and the Blockbuster video and music chain. Group revenues were 9 per cent higher at \$3.5bn. Cashflow from networks and broadcasting rose 18 per cent to \$142m, helped by strong advertising and affiliate revenues at MTV. Cashflow from the cable TV division, which Viacom is selling, was up 8 per cent at \$46m.

The entertainment division was affected by \$83m of cashflow from accounting changes in 1995 and \$100m in 1996 from the alliance with Kirch Group of Germany. The underlying weakness was attributed to the failure of new releases to match the overseas success last year of the film *Forrest Gump*.

Cashflow from Blockbuster (including the new theme park operation) was down 8 per cent to \$180m on revenues up 22 per cent to \$847m. Video cashflow was down 1 per cent on sales 27 per cent higher. Corporate expenses rose from \$73m to \$44m, due to severance payments. Mr Frank Blondi, Viacom chief executive, was dismissed in January. *Tony Jackson, New York*

### China deal for Manulife

Manulife Financial, Canada's biggest life insurer, has signed a tentative deal to set up the first life insurance joint venture in China. Under the agreement, which still requires approval by the People's Bank of China, Manulife and Sinochem, the Chinese foreign trade enterprise, will form Zhong Hong Life Insurance, based in Shanghai.

Manulife, which will own 51 per cent of Zhong Hong, expects the venture to be granted a licence within the next three to four months, with operations starting by September. Zhong Hong aims to recruit 2,000 agents and staff in the first four years of operation. It will sell personal life insurance, medical, pension, investment and savings-related products.

The Canadian company, which has corporate assets of C\$46bn (US\$33.75bn), has been negotiating for several years to gain a foothold in China.

*Bernard Simon, Toronto*

### Russian group eyes Fokker

A consortium of Russian aircraft manufacturers is seeking to raise finance for a possible takeover of the production activities of Fokker, the Dutch regional aircraft producer declared bankrupt in March. It is understood Union Bank of Switzerland has received a mandate to advise aircraft makers Tupolev and Jakovlev, grouped into a consortium called Russian Aircraft Builders. The aim would be to revive the Fokker line and produce some 45 aircraft a year.

Analysts, noting that Fokker's previous suitors have withdrawn after examining the company's books, expressed scepticism about the viability of a rescued company. Late last week, the Dutch newspaper *De Volkskrant* reported that a package including some F1.600m (US\$1.12bn) of Russian state money was "as good as organised". But sources close to the deal stressed that a range of issues had to be resolved before it could go ahead. Fokker confirmed that its receivers met last month with a Russian delegation interested in buying remnants of the company but said the meetings were inconclusive and no new approach had been made.

*David Brown, Amsterdam*

### Manitoba to sell phone group

The Canadian province of Manitoba plans to privatise its telephone company through a public share offering expected to raise about C\$750m (US\$565m). Manitoba Telephone System (MTS) is one of only two provincial telephone companies in Canada still in government hands. The other, in the neighbouring province of Saskatchewan, is also expected to be put up for sale within the next year or two.

The company, with revenues of C\$350m last year, is burdened by debt of about C\$350m, giving a debt-to-equity ratio of 78 per cent. The debt burden has hampered plans to upgrade MTS's telecommunications network. Profits have tumbled, dropping to C\$14.3m in 1995, largely due to political decisions to hold down local phone charges.

Half the proceeds will be used to reduce MTS's debt to about 45 per cent. The offering will be underwritten by a syndicate led by CIBC Wood Gundy, RBC Dominion Securities and Richardson Greenshields. A majority of shares will be reserved for Manitoba residents and foreign ownership will be limited to 33 per cent.

*Bernard Simon, Toronto*

## Top computer services groups increase dominance

By Paul Taylor

The 10 largest suppliers of software and computer services to the UK market have increased their combined revenues by 28 per cent to £2.8bn and their market share from 33 per cent to 37 per cent, according to estimates prepared by Mr Richard Holway, the independent market analyst.

The figures, published this week in Mr Holway's System House newsletter, show the 10 largest suppliers grew significantly faster than the average 16 or 17 per cent growth for the

UK computer software and services market and twice as fast as smaller companies.

Mr Holway believes the figures confirm the continuing domination of the UK market by foreign-owned companies, and the trend for "the big to get bigger".

The trend towards consolidation accelerated last year, fuelled by organic growth and by acquisitions such as International Business Machines's purchase of Data Sciences.

"There is every reason to predict even further acceleration in 1996," says Mr Holway.

The medium-sized software and computer services company, whatever its ownership, is indeed an endangered species."

IBM retains its position as the biggest software and computer services supplier in the UK, ahead of EDS. However, EDS, which has been particularly successful in the outsourcing market, increased UK revenues by 52 per cent to £225m and would have overtaken IBM had it not been for the Data Sciences acquisition.

Among the other US-owned companies, Computer Sciences

### TOP TEN SOFTWARE AND COMPUTER SERVICES SUPPLIERS TO THE UK MARKET

Company	Main shareholding	Revenue	Growth
IBM UK-SCSI with Data Sciences	US	£240m	+6%
EDS	US	£227m	+5%
ICL	Japan	£101m	-12%
Anderson Consulting	Partnership	£221m	+15%
Siemens Group	UK/France	£215m	+23%
Hockney	France	£206m	+2%
GEC-Marconi	UK	£201m	+24%
Microsoft	US	£200m	+21%
Computer Sciences Corp.	US	£197m	+15%

Source: System House. Figures relate to financial year ended 1995.

development sites in the City, Paddington and at Chiswick, west London.

In the City, Trafalgar has planning permission for a 350,000 sq ft building on the site of the Baltic Exchange, which was badly damaged by an IRA bomb in 1992.

Mr Winter believes the 1.4 acre site, close to the NatWest Tower, could accommodate a landmark building if the City planning authorities agree.

At Chiswick, Trafalgar owns a half share in a large development site with planning permission for an office park. The company and its joint venture partner, British Land, have been trying to sell the site.

However, Mr Winter said that the partners were considering applying for revised planning permission for either a leisure or residential development.

The airline said it was "not in a position" to name a successor to Mr Ennals, whose responsibilities have included the company's advertising, customer relations and in-flight entertainment.

He has played a key part in BA's recent £500m programme to upgrade its aircraft, food and service, after it interviewed 40,000 business travellers to establish what they required.

His role at BA was left largely unaffected by last December's extensive management reshuffle by Mr Robert Ayling, the incoming chief executive, under which the number of senior managers reporting to him directly was cut from 25 to 11.

Mr Ennals, 49, has marketing experience in both the US and the UK and has worked for Mars, Unilever and Reebok. He came to BA last June from Fruit of the Loom, the North American clothing company, where he had been executive vice president, marketing and business operations.

A graduate of Nottingham University, he played football for England schoolboys and, later Oxford United.

# Inspector with a public profile

William Lewis looks at the growing influence of corporate governance guidelines

Mr Robert Adamson, responsible for corporate governance policy at Railpen, one of the UK's largest pension funds with assets of about £100m, likens his job to that of a railway ticket inspector.

"The fact that we are around makes companies take note," he says. "They now know what the rules are and, like a ticket inspector, they know we might turn up."

Mr Adamson is referring to Railpen's recently published voting guidelines. These guidelines, sent to the companies in which Railpen invests, detail how the fund wants investment managers to vote its shares at company meetings on issues such as the length of directors' contracts and dividends.

A letter sent in January by Standard Life, one of the UK's largest life insurers, to the investment managers to vote its shares at company meetings on issues such as the length of directors' contracts and dividends.

A number of local authority pension funds have for several years made public their corporate governance policies and Pirc, the corporate governance consultancy, has had voting guidelines in place since 1993.

However, Railpen's move means it joined several other institutional investors who have also sent companies their own corporate governance voting guidelines. Funds and insurers which have so far stopped short of devising and publishing their own voting templates - still the majority - pay to receive voting advice from either the National Association of Pension Funds or Association of British Insurers.

Voting guidelines are part of a wider trend for British trustees and fund managers to take a greater interest in companies' corporate governance structures.

Formalisation of the corporate governance process, through a commitment to vote in accordance with published guidelines, represents a major change from the traditional British system of private conversations between fund managers and companies. "The significance of the voting templates lies in their publication and content," one pension fund trustee said. "We and

many others are now publicly committed to taking action against companies across a range of areas."

The guidelines are all broadly similar in content and largely based on the Cadbury committee report on corporate governance and the Greenbury committee's report on executive pay. However, the guidelines do differ in style and level of detail, with some investment managers preferring to outline principles rather than specific voting commitments.

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## Australia's beige brilliance seeks listing

The first thing one notices about Allan Moss, head of Macquarie Bank, Australia's only substantial indigenous investment bank and now headed for a \$A100m stock market listing, is that he does not look like an investment banker.

Soft-spoken and courteous, he seems more attuned to the world of academia or science than the cut and thrust of decision-making, writes Nikhil Tait. "Brilliance in beige" is how a local newspaper profile once summed him up.

So how does this 45-year-old executive feel about heading into the public spotlight? David Clarke, once described the listing prospect as a "pain in the neck". Moss, however, is typically conciliatory. "I see the listing as an evolutionary step for the bank," he says gently. "There'll be a somewhat greater obligation to communicate with the market, but I don't see it meaning a dramatic change in my role."

It is true that Macquarie Bank, which was born out of the old Hill Samuel Australia operation, already represents extensively and even sees its shares traded in a limited way between professionals. But one wonders if such a low-key transition will really be possible. A listing, for example, will bring more rigorous external analysis of future strategy, and investment banks with a strong share of their home market and who are expanding overseas, do not always have an easy ride.

Moss, a sixth-generation Australian, begins to sound a little steeler. "We're not seeking to duplicate what other investment banks have done," he says firmly. The approach will continue to centre on selective areas where specific expertise can be exported. He points to the existing bulk financing and structured finance operations outside Australia, suggesting that similar types of expansion should help sustain growth.

Most funds agree that the voting guidelines are the first step towards them having to provide much improved disclosure.

Several companies have expressed unhappiness about the corporate governance voting guidelines. One company secretary of a FTSE 100 company complains at "the multitude of different codes and investment managers to account," she argues.

Ms Anne Simpson, joint managing director of Pirc, says that funds should reveal their voting record to beneficiaries.

"With that beneficiaries will be able to hold trustees and investment managers to account," she argues.



Michael Johnson of DLJ is heading to London to form 10-person team

A start-up date of June 1 has been set, and Johnson has been flying across the Atlantic, combining interviewing potential recruits with house-hunting. The plan is to form a 10-person team, half from DLJ's US staff and half hired in London, which can offer European companies DLJ's US distribution capability and its expertise in unusual financings - for instance for cellular telephone companies or cable TV groups, where there is plenty of potential but few hard numbers for investors to look at. DLJ has been rather late in joining the game in Europe, he admits, but so many European countries are going through a communications revolution that the need for finance to develop licences and build networks will run into several billions of dollars in the next few years.

Already DLJ has had some successes, winning a role in the recent flotation of Orange, the cellular telephone company, and Johnson says, being in seven out of eight UK cable company financings. Even so, his first task will be to improve DLJ's recognition among boards of directors.

But the overhead will be so modest, he says, with the team setting up in DLJ's existing offices in Moorgate, that a decent deal a year will cover the costs.

## Citibank rejects City site

While the exact location of Citibank's new UK headquarters remains undecided, the US bank appears to have ruled out the City of London, writes Simon London.

The large development site at Baltic Exchange, owned by Trafalgar House, has been dropped from the shortlist of three potential sites.

This leaves a choice between Canary Wharf in Docklands and London Bridge City, on the south bank of the Thames near Tower Bridge.

The contest between Canary Wharf and London Bridge City for Citibank's signature looks like an even match. Either site could accommodate a large building with wide open trading floors.

The consortium which owns Canary Wharf includes Prince Al-Waleed bin Talib bin Abdulaziz, the Saudi prince who is also a substantial shareholder in Citicorp. Against that, the bank already has a substantial office at London Bridge City, which is owned by St Martin's Property Group, part of the Kuwaiti Investment Office.

"It's like running a full-service mini investment bank," says Sasseon, who joined in 1986 from accountants PKPM.

Sasseon, a dapper 40-year-old, is described as "a consummate professional with a good analytical mind" by one official who has dealt with him. He is regarded as the main mover behind SBC Warburg's expansion into international privatisation work. He has also been closely involved in developing the "book-building" technique of pricing new issues in the UK.

Railtrack

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- it will raise less than £2bn - but it has been complicated because it has taken place against the background of the break-up of British Rail.

Preparing the company for market

has taken 18 months and involved a

core team of 26 people at Warburgs.

Michael Johnson paused only to cash his bonus cheque before leaving the troubled fixed income department at CS First Boston to join Donaldson, Lufkin & Jenrette, the US investment bank two months ago. He is barely touching ground there either before heading to London to set up a team which will aim to match European demand for finance with US investors' supply of capital, writes Maggie Urry.

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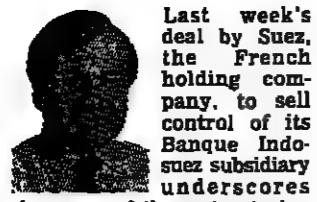
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Global Investor / Martin Dickson

## Europe takes to restructuring



Last week's deal by Suez, the French holding company, to sell control of its Banque Indo-suez subsidiary underscores the scope of the restructuring wave developing across continental Europe. This has been a significant factor in the strength of the European equity market so far this year.

The European (ex-UK) component of the FT/S&P World Index rose 12 per cent in local currency terms in the first four months of 1996, against a 6 per cent rise in the US and just less than 8 per cent for the Pacific Basin, though in dollar terms the three regions were each up about 6 per cent. Europe's performance is due

in considerable measure to a widespread expectation that, after a mid-cycle destocking pause, solid economic growth will resume in the second half of this year, helped by a benign interest rate environment and recovering consumer confidence.

A measure of doubt has been cast on this theory by a series of bearish trading forecasts from some large manufacturers in cyclical sectors.

But whatever the general economic environment, there are grounds for expecting relative outperformance by those European companies which are at last taking restructuring seriously.

A recent research note by Mr Francois Langlade-Demoyen, European equity strategist at CS First Boston, estimates that over the past 10 years total

average returns in dollar terms on European stocks (excluding the UK) have been consistently 4 to 5 percentage points below returns in the US – despite higher annual GDP growth and higher inflation.

He suggests that the main reason is that up till now "maximisation of shareholder value has not been the primary objective of corporate management." Rather, they have been intent on pursuing grand expansion strategies which in many cases have merely succeeded in destroying shareholder value.

European boards are now having to pay more attention to investors' demands, however, thanks to the growing internationalisation of their shareholding base and a concomitant emphasis on Anglo-Saxon corporate governance and return on capital.

Suez, an archetypal French conglomerate, with interests in an array of industries and an elaborate system of cross-shareholders with other leading companies, is at the start of restructuring. But the Banque Indo-suez is a dramatic step by Mr Gerard Mestrallet, brought in as chairman last year in place of the ousted Mr Gerard Worms, for until recently he had been insisting the bank was a core asset.

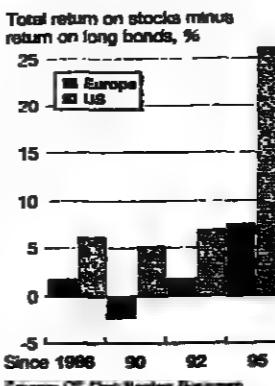
Shareholders in European companies are likely to benefit in several ways from the new approach. Obviously, improved performance should eventually translate into higher market valuations. But there are other ways to return value to shareholders. One is an improved dividend policy. Mr Richard Davidson, an analyst at

CS First Boston Research, has long argued that a long, slow cycle of economic growth, coupled with repaired corporate balance sheets and strong cash flow, gives European companies cash to recycle, and the next year or so will see a substantial increase in dividends relative to earnings.

An alternative is share buy-backs, though in many continental countries these are currently illegal (Germany and Sweden) or tax inefficient (Switzerland). But the position is improving. Germany and Sweden may pass laws legalising buy-backs over the next couple of years and several German cyclicals, notably BASF, are interested in launching programmes.

Mr Langlade-Demoyen points to other possible buy-back can-

### Europe underperforms US



Source: CS First Boston Research

### Total return in local currency to 3/5/96

	% change over period					
	US	Japan	Germany	France	Italy	UK
Cash	0.10	0.01	0.06	0.08	0.18	0.12
Week	-0.69	-0.32	-0.20	0.15	0.87	0.95
Month	0.45	0.05	0.28	0.34	0.83	0.61
Year	8.65	1.56	4.88	7.38	11.88	7.61
Bonds 3-5 year	-2.79	-2.21	0.21	0.05	3.82	0.04
Week	-2.79	-2.21	0.21	0.05	3.82	0.04
Month	8.50	4.02	10.07	22.06	10.34	10.34
Bonds 7-10 year	-2.79	-2.21	11.18	17.04	31.17	10.81
Equities	-1.3	-1.9	-1.4	1.1	0.9	-1.0
Week	-1.5	1.6	5.8	14.8	1.9	1.9
Month	27.9	24.5	22.0	16.5	3.4	21.6

Source: Cash & Bonds – Lehman Brothers. The FT/S&P Actuaries World Indices are jointly owned by FT-SE International, Goldman Sachs & Co., and Standard & Poor's.

Equities – FTSE Index Unit. Goldman Sachs & Co., and Standard & Poor's.

Since 1986 90 92 94 95

Source: CS First Boston Research

continent is again behind the trend in the US and UK. But the pace is picking up.

Mr Langlade-Demoyen estimates that spin-offs totalled \$10.7bn in Europe last year, up from \$4.3bn in 1994, and the total has already reached \$5.5bn this year.

Decades of ill-founded European empire building means many more companies are becoming the subject of demerger, which can unlock the value of assets, and where the

alone the list includes Navaga, Mixta, Eurafrance, Nord Est, Generale des Eaux, Lyonnaise des Eaux, St Louis and Alcatel Alsthom.

Identifying the companies most likely to act may not be easy, but expectations of fundamental corporate restructuring, coupled with hopes of an improving economy, could help European houses weather the storm of any big US correction over the coming months.

Compiled by AX News

### COMPANY RESULTS DUE

#### Falling cost ratios should help lift Winterthur

Winterthur, the Swiss insurance group, is expected on Wednesday to report a 1995 net profit of between SFr1.6bn and SFr1.8bn, (\$33m-\$38m), against SFr1.4bn. Analysts expect the group to propose a 1995 dividend of between SFr18 and SFr19, compared with SFr17. Gross premium income should rise from SFr20.4bn to between SFr21.5bn and SFr22bn.

Mr Beat Alpiger, insurance analyst at Bank Julius Baer, expects net profits of SFr1.8bn, gross premium income of SFr21.5bn, and a dividend of SFr19. He said declining cost ratios in life and non-

life business should boost group earnings. The group's net profit should also benefit from a rise in financial income to SFr4.5bn against SFr4.15bn a year earlier. Mr Alpiger said investors should not expect any near-term benefits from Winterthur's recent bank assurance co-operation agreement with Credit Suisse.

■ **Hafslund Nycomed:** The Norwegian bioscience and energy group is today expected to report pre-tax profit for the first quarter to March 31 in the range of Nkr460m to Nkr500m, (\$82m-\$84m), compared with Nkr456m a year earlier, analysts said. The broad range reflects uncertainty about the performance of its energy division, while the general focus of investors will be on trends in the main medical imaging business.

Estimates of Norwegian hydro-power earnings are being reduced because low reservoir levels may have forced

producers to fill contracts by buying in the much more expensive spot market.

At the end of March, the company said AMHS, the US purchasing group, was terminating its favoured supplier agreement. Last month, news that a US patent extension had been denied to a competing product was taken as a further sign that price competition would be stepped up as more generic products come on the market.

■ **Assicurazioni Generali:** Italy's largest insurer will announce its consolidated full-year results for 1995 tomorrow, writes Andrew Hill in Milan. Analysts are expecting a net profit attributable to the parent company of about L725bn (\$464m), compared with L641bn in 1994. In March, Mr Antoine Bernheim, its new chairman, signed an agreement with the French to simplify the Italian compa-

ny's shareholding in the French insurer. The deal could open the way either to a straight sale of the Generali stake or the pursuit of new joint development opportunities.

■ **Repsol:** The Spanish oil group is this week expected to report first-quarter net profit after minorities of about Pta38bn, with operating profits falling 12 per cent to Pta31.2bn and Pta33bn (\$24m)

(\$360m), against Pta32.8bn a year earlier. A sharp fall in operating profits, largely on a decline in earnings at the petrochemicals division, will be the main factor affecting results.

■ **Olivetti:** Shareholders in the Italian computer group will get their first chance to comment on the company's record 1995 losses of about Pta38bn, with operating profits falling 12 per cent to Pta30.6bn. Basically, the perfor-

mance from the chemical sector will be... worse in the first quarter of 1996 compared with a year earlier, when this part of the company's business was particularly buoyant. The chemical sector only really began to suffer a setback in the second half of last year," he said. He expected a fall of about 60 per cent in petrochemical division earnings in the first quarter.

The other negative factor affecting operating profits originates from the marketing activity, where Mr de Villaret expected to see a squeeze on margins, because of the delay in the company being able to pass on increases in oil prices to the consumer.

■ **British Petroleum:** Tomorrow BP will be the first big oil group to report its quarterly figures and analysts are looking for pre-tax profits of \$257m-\$258m for the opening three months. That will repre-

sent an improvement on the \$261m for the same period in 1995. However, the figures will be slightly flatter because £25m of rationalisation charges took a sizeable chunk out of profits a year ago. Higher oil prices – the average price of Brent crude was \$15.55 per barrel, up from \$15.83 – and stronger gas volumes because of the cold winter will have helped offset weakness in downstream profits because of continued competition at the UK pumps.

■ **Shell:** The petroleum and gas conglomerate should have benefited from higher oil prices and gas sales in the first three months, but poor downstream earnings and a relatively disappointing performance from chemicals will mean the headline improvement in profits is less than striking when it reports on Thursday. The consensus among analysts is pre-tax profits of about £1.25bn, against £1.24bn.

INTERNATIONAL EQUITIES By Antonia Sharpe

**Attractions of insurance offerings**

The forthcoming selection of offerings from insurance companies will probably not get investors' pulses racing in quite the same way as some of the sexier IPOs in the international equity markets in recent months – Gucci, Orange and Harvey Nichols for instance.

But even if insurance is not the most glamorous of industries, analysts say such offerings should be a fairly safe bet for international investors who are becoming wary of the froth which is forming in the primary equity market.

The recent consolidation in the industry, particularly in the UK, and the fact that many insurance stocks are trading below their net asset value, have attracted investors' attention.

In addition, insurance companies should benefit in coming years from the trend in Europe to shift the responsibility of pensions from the state to the private sector.

The flotation of Mediobanca, one of Italy's leading non-bank providers and distributors of insurance and mutual fund products, is the first of a pipeline of insurance companies to come to market.

From a stock market point of view, Mediobanca's timing could not be better.

The Italian stock market has risen about 6 per cent since the general election triumph of the centre-left Olive Tree alliance and international investors wanting to increase their exposure to the country are finding that there is a shortage of suitable Italian assets for instance.

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The flotation which could have the most far-reaching implications for international investors is that of Sun Life and Provincial Holdings, the UK subsidiary of UAP, the French insurance group. Last week UAP said it planned to raise about £500m from the sale of a minority stake in the company.

In addition, the sale of the state's holding will significantly increase the free-float of AGF shares, making them easier to trade.

But given the patchy track record of French privatisations, the government will have to offer an attractive discount to marshal the support of international investors.

Tryg Baitica, the Danish insurance group, is also in the process of selling between 20

and 25 per cent of its equity to international investors, which could raise about Dkr1.5bn (\$220m). The proceeds will be used to pay down debt taken on last year when Tryg acquired most of the non-life assets in Baitica.

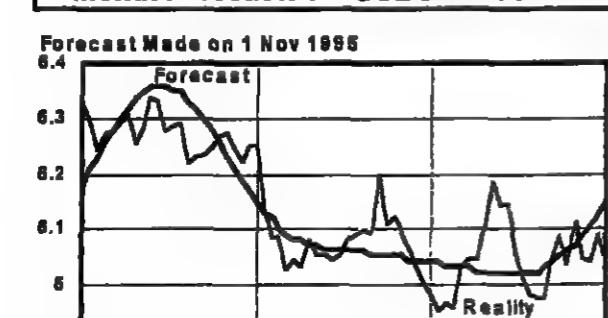
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For years, the concept of enhancing shareholder value has been an alien one to the managements of continental European companies but UAP's decision to float off Sun Life has raised hopes that it finally catching on.

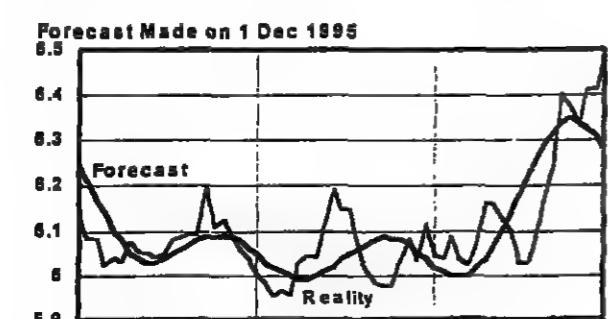
The flotation, which is expected to go ahead before the summer, is likely to value the company at between £1.2bn and £1.6bn, according to analysts.

## For Your Strategic Investment Exclusive Forecasting Service

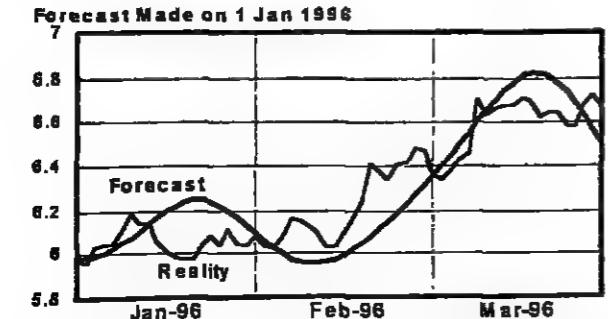
### 3 month Forecasts for USEBOND30Y Yield



Forecast Made on 1 Nov 1995

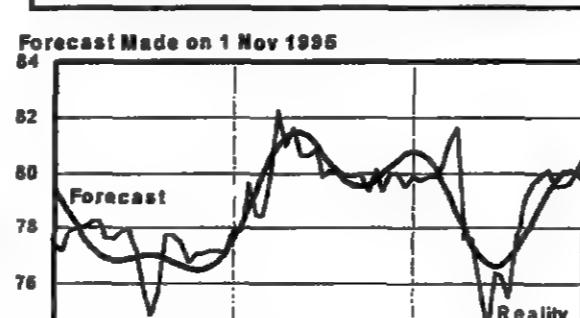


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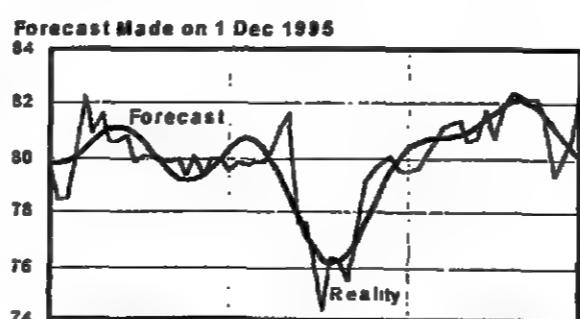


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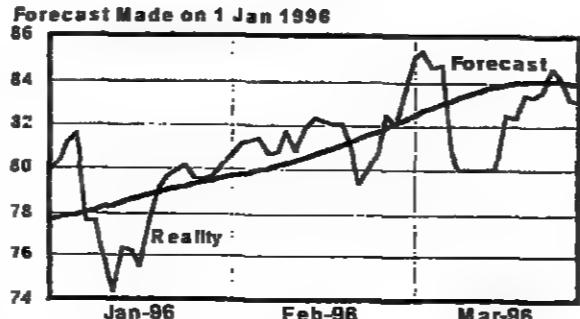
### 3 month Forecasts for J.P. MORGAN Co.



Forecast Made on 1 Nov 1995



Forecast Made on 1 Dec 1995



Forecast Made on 1 Jan 1996

Note: This Forecasts are computing for our clients. Powered by Silicon Graphics.

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MARKETS: This Week

NEW YORK By Lisa Branstien

Last week's figures on employment levels in April were supposed to resolve the uncertainty over the prospects for the US economy that have so troubled the financial markets for the past two weeks. Instead, the weaker than expected figures on job growth - coming as they did on the heels of data showing strong economic growth in the first quarter - left many on Wall Street with more questions than answers.

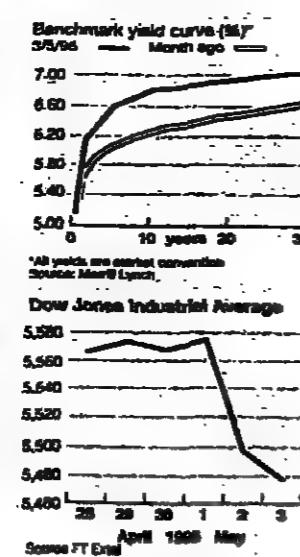
The markets ended the week on a decidedly bearish note, with the yield of the benchmark 30-year Treasury up 32 basis points and the Dow Jones Industrial Average off almost 90 points at 5,476.03.

Investors will be watching the limited releases of data this week for signals on how the economy may perform through to the end of the year.

One place they may turn to for guidance will be the Federal Reserve's Beige Book, a summation of central bank views about the strength of the economy prepared in advance of the May 21 meeting of the Fed's Open Market Committee.

Most economists believe the Fed will leave interest rates steady at the meeting, but many will look to the central bank to make sense of the conflicting data.

Friday's release of the Producer Price Index will be particularly important because



Source: FT Data

All yields are market convention. Source: Merrill Lynch

Change over period: 3/3/96

Many: France

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## EMERGING MARKETS By Tony Walker

## Silver lining for China's B-shares

Spare a thought for brokers in China whose task it is to forecast the performance of Chinese enterprises in an opaque economy moving from rigid central control to a market-based system.

In their estimates of 1995 earnings for B-share companies listed on the Shanghai Stock Exchange, brokers' forecasts were, in some cases, out by hundreds of percentage points as enterprises slid deep into the red. Results for the year were far worse than even the most gloomy predictions.

Mr John Crossman, chief representative in Shanghai for Jardine Fleming, said the "entire research community had been caught out". Analysts had predicted low earnings, but had not been prepared for such a "flood of red ink".

Shanghai Tyre and Rubber, for example, recorded losses of Yn170.4m, down from a modest profit of Yn6.4m in 1994. This result bore no relation to brokers' estimates.

The calamitous year for many Chinese companies is attributed to a lingering credit squeeze, a steep climb in accounts receivable and bulging inventories.

The disastrous results, compounded by the fact that companies were not forthcoming about their problems during the year, are hardly likely to encourage fund managers to commit funds to China's markets, but Shanghai brokers believe the worst may be over.

Mr Richard Graham, chief representative in Shanghai of ING Barings, said the B-share index, hovering around 50 points, may be ready for a "bit of a run up" on the back of an improving macroeconomic picture, rather than a lift in corporate earnings.

B-shares, denominated in US dollars in Shanghai and Hong Kong dollars in Shenzhen - China's two fledgling stock exchanges - reached 105.78 in the Shanghai market on December 31 1995. The shares are technically restricted to foreign investors, but it is estimated about 35 per cent are held by local Chinese, many of whom purchased them through friends in Hong Kong.

Mr Graham cited last week's cut in interest rates and signs of an easing in credit restrictions as grounds for cautious optimism about corporate earnings, but said investors would continue to be wary.

"Analysts have been consistently optimistic and disappointed. Chinese companies are good at telling the good news, but not so good at telling the bad news," he said.

On the Shanghai B-market, worst performing companies in the past year were those engaged in the manufacturing sector, especially those producing machinery for the textile industry. Real estate was also affected by the credit squeeze.

Mr Graham said China's B-share markets were seeing a continuing process of "separating sheep from goats" as far as the management of companies was concerned. In electrical products, for example, companies which had sought to tap foreign expertise and capital were doing better than those remaining home-grown.

Shangning Electrical, which had joined forces with Mitsubishi, had outperformed Narcissus. The latter had sought to develop its own product range in the consumer electrical goods field, but had experienced a difficult year with profit down nearly 60 per cent. Shangning recorded a 10 per cent drop in after tax profits, a difficult performance given difficult trading conditions.

Among Shanghai B-share companies whose profits were more or less in line with expectations were New Asia, a property and hotels group, Dajiang, a big poultry producer, Chao Alkali and Dahezhong Taxi. Brokers said these companies were distinguished by relatively competent management.

John Crossman of Jardine Fleming expects corporate earnings to be weak for at least the first half of this year, but an improvement in the second half in preparation for a "nice year next year".

He noted that China will be holding its 13th Communist Party Congress in late 1997, and the authorities would be striving for a positive economic outlook after the "recession" of the past three years. Beijing instituted a credit

squeeze in mid-1993 to curb inflation.

But Mr Crossman said it would be surprising if funds were not wary. "They have not just been bitten once, they have been bitten several times and are feeling very sorry for themselves," he said.

The Shanghai Stock Exchange itself is showing signs of exasperation with the continuing poor performance of listed companies, especially those deemed to have fallen short of requirements for candid reporting, even by lax Chinese accounting standards.

Last week, the exchange took the extraordinary step of suspending trading in six companies for two days - Thursday and Friday - because of concern about indifferent performance.

"We hope the six companies learn a lesson from this and improve their administration and production," said an exchange spokesman.

Chinese regulators are also saying that companies which perform badly consistently may face permanent delisting. Under Chinese law they can be delisted if they lose money for three consecutive years.

China's fledgling stock markets would, however, like to see a revitalisation of the markets after the doldrums of the past several years with A and B-share indices still about 50 per cent below their peak.

Mr Yang Xianghai, president of the Shanghai exchange, outlined steps recently which he said were aimed at encouraging greater activity. He pledged to speed up listing of B-share stocks - at present there are just 22 listed B-share companies on the Shanghai exchange - and also offer foreign companies secondary listings.

Companies issuing A-shares would have "new trading products" such as convertible bonds and warrants. Convertible bonds are likely to prove popular on Chinese markets. Mr Yang also pledged lower broking charges.

Mr Graham of ING Barings said the sharp appreciation recently on the Hong Kong market of H-shares, or the stock of mainland companies, augured well for B-shares.

"We have all seen a few false dawns," he said. "But I feel we may be finally putting the bad news behind us."

## INTERNATIONAL BONDS By Connor Middelmann

## Tumbling rand triggers fall in S African bonds

The recent tumble in South Africa's currency has reminded international investors why rand-denominated bonds yield as much as 10 per cent.

That, coupled with rumours of President Nelson Mandela's ill health and speculation about the possible resignation of central bank governor Mr Chris Stals, sparked the first sharp slide in currency and bonds.

The trigger for last month's second wave of selling has been harder to pinpoint, although renewed industrial unrest, political wrangling

over the new constitution, and the surprise resignation of finance minister Mr Chris Liebenberg and the unconvinced performance by his

successor, Mr Trevor Manuel, on an international investor roadshow played an important part.

"Manuel was just too new at his job to be going on a roadshow - it was a big mistake to get him out there so soon," said one Johannesburg banker.

Moreover, while Mr Manuel was jetting around Europe and the US on his mission to appease international investors, his party, the African National Congress, was backing a national strike.

"This sent mixed signals to the international investment community," says another banker. Until Mr Manuel and Mr Thabo Mbeki, the deputy president in charge of economic policy, "make some clear and coherent policy statements, that uncertainty will continue", he says.

Since the South African bond market is highly liquid, overseas investors can sell their rand bonds at the first sign of trouble, pushing bond yields higher and the currency lower. "This has created a downward vortex, where currency weakness fuelled bond selling, which in turn has sucked the currency further down," says Mr Cypionka.

"We have all seen a few false dawns," he said. "But I feel we may be finally putting the bad news behind us."

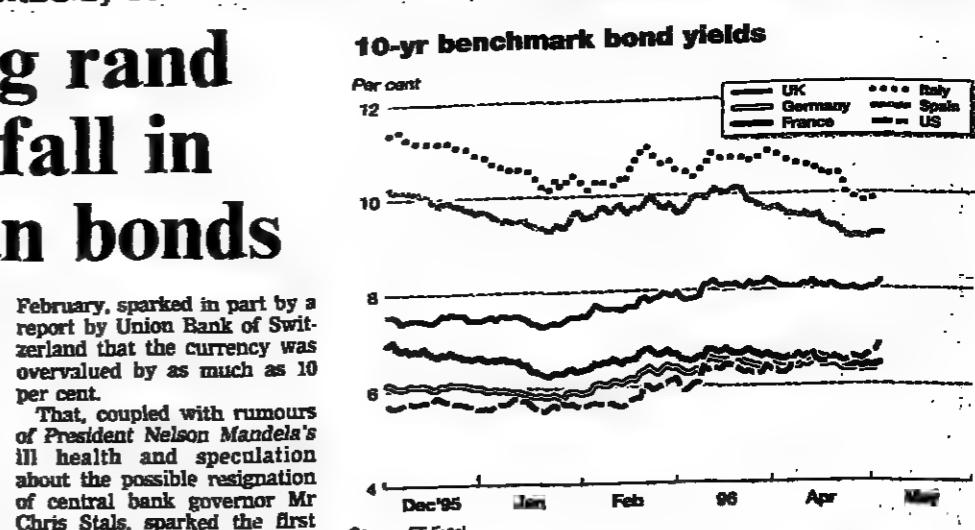
rand Bank in Johannesburg, who said that domestic bonds issued by Eskom, the government-owned power utility, for example, were more than 50 per cent owned by foreign investors.

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The rand's fall began in mid-



Source: FT Estat

10-year benchmark bond yields

UK Germany Spain France US

12 10 8 6 4

Dec '95 Jan Feb '96 Mar Apr May

Source: FT Estat

INTEREST RATES AT A GLANCE

USA Japan Germany France Italy UK

Discount 5.00 0.59 2.50 4.90 9.00 6.00

Overnight 5.19 0.44 3.31 3.75 9.00 6.00

Three month 5.12 0.57 3.20 3.71 8.68 5.98

One year 5.05 1.03 3.26 3.86 8.40 6.25

Five year 6.54 2.54 5.24 5.63 9.24 7.73

Ten year 8.83 3.43 6.54 8.50 9.85 8.24

1) France-Price min. 2) UK-Yield rate. Source: Reuters

While the government has said it does not plan to remove controls in one fell swoop, fears remain that a swift removal of controls might release a wave of pent-up cash, weakening the rand further.

Nevertheless, there are those who feel the sell-off has been overdone. "The current exchange rate is no way reflects fundamentals," says Mr Cypionka, "although that probably cuts no ice in a volatile market. For instance, purchasing-power parity analysis suggests the rand should stand at around R3.80 to R3.90 against the dollar."

Indeed, although recent interest rate hikes in support of the currency may put a lid on growth, the economy is still expected to expand by at least 3.6 per cent this year.

Inflation is at its lowest level in 24 years at 6.3 per cent, and although the rand's fall is likely to boost inflationary pressures, economists are expecting an annual average rate of no more than 8 per cent - that's not justified by any stretch of the imagination.

Even allowing for the harmful effect of the currency depreciation on the inflation rate, "you're still left with extraordinarily high real returns on long bonds - it's almost inevitable that they'll decline", agrees Mr Cypionka. "If the currency bounces back and yields fall, investors could get a double whammy."

Indeed, some dealers are already reporting cautious buying, both in the government bond market and the fledgling eurobond sector, which opened last September.

Nonetheless, with investors and underwriters of most eurobonds issues nursing severe losses, the sector is unlikely to see new issues any time soon.

According to International Insider's Bondwatch, a eurobonds market analytical service, a D-Mark-based investor who had bought eurobonds bonds at launch would currently have lost between 2.5 per cent and 14 per cent on that position.

## ING BARING SECURITIES EMERGING MARKETS INDICES

Index	3/6/96	Week on week movement	Month on month movement	Year to date movement	Actual	Percent
World (395)	162.31	-0.56	-0.35	+0.50	+3.51	+10.00
Latin America						
Argentina (22)	66.80	-0.77	-0.17	+0.55	+7.02	+7.55
Brazil (22)	211.51	-0.64	+0.03	+1.59	+0.70	+4.21
Chile (16)	187.62	-0.00	+0.00	+14.23	+4.21	+5.35
Colombia (14)	181.80	+14.52	+0.88	+23.11	+14.87	+10.89
Mexico (23)	54.10	-3.70	-4.30	+1.75	+2.12	+10.50
Peru (4)	110.39	-3.37	-0.30	+0.57	+0.58	+4.27
Latin America (112)	166.83	-1.40	+1.03	+0.82	+1.79	+9.58
Europe (16)						
Group (16)	105.24	-0.36	-0.34	-7.44	+7.27	+7.42
Portugal (9)	124.56	+1.02	+1.32	-3.92	-3.05	+8.11
Turkey (26)	114.87	-0.88	-0.76	-8.57	+6.70	+32.07
South Africa (32)	147.67	-1.37	-0.92	-1.75	-1.17	+5.71
Europe (96)	123.07	-0.69	-0.58	-3.47	-1.97	+1.53
Asia (24)						
Indonesia (32)	151.15	-4.01	-2.48	+3.07	+2.07	+24.48
Korea (23)	144.10	-3.04	+2.06	+6.94	+6.62	+7.19
Malaysia (24)	203.88	-0.11	-0.04	+5.18	+3.01	+36.33
Pakistan (14)	87.65	+5.02	+6.05	+7.58	+9.85	+14.28
Philippines (14)	307.21	+1.60	+0.59	+0.01	+2.68	+0.03
Thailand (25)	96.44	+3.21	+2.04	-8.40	+2.40	+8.53
Taiwan (21)	166.23	+2.63	+1.58	+34.85	+25.73	+38.05
Africa (17)	532.79	-0.76	+0.33	+13.16	+0.00	+26.74
All indices in \$ terms, January 7th 1995-100. Source: ING Baring Securities.						

## ABN-AMRO Holding N.V.

established in Amsterdam

## FINAL DIVIDEND 1995

The Annual General Meeting of Shareholders held on 3 May 1996 declared a dividend of NLG 3.60 per ordinary share of NLG 5 each for the 1995 financial year. As an interim dividend of NLG 1.60 was made available in October 1995, the final dividend will be NLG 2.00.

Depending on the shareholder's option, the final dividend will be paid either wholly in cash or wholly in ordinary shares chargeable to the share premium reserve.

Shareholders who have opted for payment of the dividend in cash will receive NLG 2.00 minus 25% dividend withholding tax against dividend coupon no. 22.

Shareholders who have opted for payment in stock will receive one new ordinary share of NLG 5 against 46 dividend coupons no. 22 of ordinary shares. The new ordinary shares will be made available in the form of CF-stock or K-stock, with dividend coupons nos. 23 ff and talon attached. The new ordinary shares fully qualify for dividends for 1995 and following years. The stock dividend chargeable to the share premium reserve will be exempt from Dutch dividend withholding tax and income tax.

The Managing Board also announces that holders of depositary receipts for preference shares, which are outstanding in CF-form only, will receive the dividend of NLG 0.475, minus 25% dividend withholding tax, per preference share of NLG 5 each. The dividend will be made available at ABN AMRO Bank N.V. in Amsterdam, the Netherlands.

Holders of convertible preference shares will receive NLG 3.78, minus 25% dividend withholding tax, against dividend coupon no. 3 at the branches of ABN AMRO Bank N.V. in the Netherlands.

Holders of registered shares, whose names have been entered in the ordinary share register will be notified individually by the company of the amount of dividend payable to them.

As of 20 May 1996, the final ordinary share dividend will be made payable at the following addresses:

In the Netherlands : ABN AMRO Bank N.V.

In the United Kingdom : National Westminster Bank PLC, (Crawley)



And while the government targets a budget deficit of 4.5% of GDP, it is still high on its list of priorities. The market is beginning to see this as an opportunity to invest more in infrastructure and to take a more active role in the economy. The government is also looking to encourage foreign investment in the UK.

With the UK's economy showing signs of recovery, the government is looking to encourage foreign investment in the UK.

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## WORLD STOCK MARKETS

EUROPE										NORTH AMERICA										ASIA									
AUSTRALIA (May 3 / Cash)					Greece (May 3 / Drachma)					NORWAY (May 3 / NOK)					CANADA					SINGAPORE					JAPAN				
Australia	1,005	-65	1,900	1,768	27	Argo	1,380	-19	1,414	1,290	15	Argo	1,290	-50	150	125	50	Argo	2,270	2,420	2,620	2,620	2,620	Argo	620	620	620	620	620
BankAust	450	-5	920	720	25	Argo	1,280	-19	1,290	1,250	15	Argo	1,290	-50	150	125	50	Argo	2,270	2,420	2,620	2,620	2,620	Argo	620	620	620	620	620
BUSAN	565	-14	884	788	29	Argo	1,280	-19	1,290	1,250	15	Argo	1,290	-50	150	125	50	Argo	2,270	2,420	2,620	2,620	2,620	Argo	620	620	620	620	620
Credit	741	-8	250	253	13	Argo	1,280	-19	1,290	1,250	15	Argo	1,290	-50	150	125	50	Argo	2,270	2,420	2,620	2,620	2,620	Argo	620	620	620	620	620
EA Corp	3,206	+10	3,775	3,508	24	Argo	1,280	-19	1,290	1,250	15	Argo	1,290	-50	150	125	50	Argo	2,270	2,420	2,620	2,620	2,620	Argo	620	620	620	620	620
Jumbo	1,760	-20	2,075	1,930	25	Argo	1,280	-19	1,290	1,250	15	Argo	1,290	-50	150	125	50	Argo	2,270	2,420	2,620	2,620	2,620	Argo	620	620	620	620	620
Leisure	730	-8	917	722	13	Argo	1,280	-19	1,290	1,250	15	Argo	1,290	-50	150	125	50	Argo	2,270	2,420	2,620	2,620	2,620	Argo	620	620	620	620	620
Leisure	1,241	-27	1,688	678	19	Argo	1,280	-19	1,290	1,250	15	Argo	1,290	-50	150	125	50	Argo	2,270	2,420	2,620	2,620	2,620	Argo	620	620	620	620	620
Perfis	8	-1	820	690	25	Argo	1,280	-19	1,290	1,250	15	Argo	1,290	-50	150	125	50	Argo	2,270	2,420	2,620	2,620	2,620	Argo	620	620	620	620	620
Shaw	123	+1	161	141	3	Argo	1,280	-19	1,290	1,250	15	Argo	1,290	-50	150	125	50	Argo	2,270	2,420	2,620	2,620	2,620	Argo	620	620	620	620	620
WA Tech	1,223	-4	1,654	1,265	25	Argo	1,280	-19	1,290	1,250	15	Argo	1,290	-50	150	125	50	Argo	2,270	2,420	2,620	2,620	2,620	Argo	620	620	620	620	620
WA Tech	2,054	-2	2,277	1,725	27	Argo	1,280	-19	1,290	1,250	15	Argo	1,290	-50	150	125	50	Argo	2,270	2,420	2,620	2,620	2,620	Argo	620	620	620	620	620
WA Tech	2,000	-6	2,000	1,625	27	Argo	1,280	-19	1,290	1,250	15	Argo	1,290	-50	150	125	50	Argo	2,270	2,420	2,620	2,620	2,620	Argo	620	620	620	620	620
WA Tech	2,000	-6	2,000	1,625	27	Argo	1,280	-19	1,290	1,250	15	Argo	1,290	-50	150	125	50	Argo	2,270	2,420	2,620	2,620	2,620	Argo	620	620	620	620	620
WA Tech	2,000	-6	2,000	1,625	27	Argo	1,280	-19	1,290	1,250	15	Argo	1,290	-50	150	125	50	Argo	2,270	2,420	2,620	2,620	2,620	Argo	620	620	620	620	620
WA Tech	2,000	-6	2,000	1,625	27	Argo	1,280	-19	1,290	1,250	15	Argo	1,290	-50	150	125	50	Argo	2,270	2,420	2,620	2,620	2,620	Argo	620	620	620	620	620
WA Tech	2,000	-6	2,000	1,625	27	Argo	1,280	-19	1,290	1,250	15	Argo	1,290	-50	150	125	50	Argo	2,270	2,420	2,620	2,620	2,620	Argo	620	620	620	620	620
WA Tech	2,000	-6	2,000	1,625	27	Argo	1,280	-19	1,290	1,250	15	Argo	1,290	-50	150	125	50	Argo	2,270	2,420	2,620	2,620	2,620	Argo	620	620	620	620	620
WA Tech	2,000	-6	2,000	1,625	27	Argo	1,280	-19	1,290	1,250	15	Argo	1,290	-50	150	125	50	Argo	2,270	2,420	2,620	2,620	2,620	Argo	620	620	620	620	620
WA Tech	2,000	-6	2,000	1,625	27	Argo	1,280	-19	1,290	1,250	15	Argo	1,290	-50	150	125	50	Argo	2,270	2,420	2,620	2,620	2,620	Argo	620	620	620	620	620
WA Tech	2,000	-6	2,000	1,625	27	Argo	1,280	-19	1,290	1,250	15	Argo	1,290	-50	150	125	50	Argo	2,270	2,420	2,620	2,620	2,620	Argo	620	620	620	620	620
WA Tech	2,000	-6	2,000	1,625	27	Argo	1,280	-19	1,290	1,250	15	Argo	1,290	-50	150	125	50	Argo	2,270	2,420	2,620	2,620	2,620	Argo	620	620	620	620	620
WA Tech	2,000	-6	2,000	1,625	27	Argo	1,280	-19	1,290	1,250	15	Argo	1,290	-50	150	125	50	Argo	2,270	2,420	2,620	2,620	2,620	Argo	620	620	620	620	620
WA Tech	2,000	-6	2,000	1,625	27	Argo	1,280	-19	1,290	1,250	15	Argo	1,290	-50	150	125	50	Argo	2,270	2,420	2,620	2,620	2,620	Argo	620	620	620	620	620
WA Tech	2,000	-6	2,000	1,625	27	Argo	1,280	-19	1,290	1,250	15	Argo	1,290	-50	150	125	50	Argo	2,270	2,420	2,620	2,620	2,620	Argo	620	620	620	620	620
WA Tech	2,000	-6	2,000	1,625	27	Argo	1,280	-19	1,290	1,250	15	Argo	1,290	-50	150	125	50	Argo	2,270	2,420	2,620	2,620	2,620	Argo	620	620	620	620	620
WA Tech	2,000	-6	2,000	1,625	27	Argo	1,280	-19	1,290	1,250	15	Argo	1																





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Yield is % yield for all performance linked products subject to capital gains tax on sales.

(\*) Funds not SEB recognized. The regulatory authorities for these funds are:

Barbados - Barbados Monetary Authority  
Cayman Islands - Cayman Islands Securities Commission  
Ireland - Central Bank of Ireland  
Ireland - Financial Services Commission  
Italy - Financial Services Department  
Luxembourg - Institut Monétaire Luxembourgeois,  
Swiss comittee - Swiss Association of units  
United States - Commodity Futures Trading Commission  
Buying price - Offer or issue price.  
Taxes - The taxes shown alongside the fund manager's name is the type of the fund's valuation policy unless indicated by one of the following symbols:  
 - 100% - 100% gross  
 - 130% - 130% gross  
 - 140% - 140% gross  
 - 170% - 170% gross  
 - 170% to redemptions  
 - a - Add charges on issue of units  
 - b - Deduction on purchase price deducted from capital.  
 - d - Deduction on purchase price deducted from capital.  
 - f - Distribution fees of UK funds  
 - p - Periodic premium insurance plan.  
 - r - Single premium insurance.  
 - u - Designated as a UCITS (Undertakings for Collective  
Investment in Transferable Securities)  
 - - Offered price includes all expenses except agency  
commission, price of units  
 - Previous day's price.  
 - Q - Quarterly gross.  
 + - Premium or discount factor.  
 - 1 - Exchange rate - In-dollars.  
 - Only applicable to exchange trading.  
 - Yield column shows annualized yields of NAV  
increases.

The fund prices on these pages are also available on  
the Internet at [www.FT.com](http://www.FT.com)

## ALCOHOLIC BEVERAGES

Name	Wk's	Div	Dividends
Alcol Distillers	7.00		
Brown-Forman	7.00		
Guinness	7.00		
Heublein	7.00		
Heublein (UK)	7.00		
Matthew Clark	7.00		
Seagram	7.00		

## BANKS, MERCHANT

Name	Wk's	Div	Dividends
Bailey Bros Can Co	7.00		
Chase Bank	7.00		
First Boston	7.00		
HSBC	7.00		
HSBC (UK)	7.00		
Lehman Brothers	7.00		
Salomon Brothers	7.00		
Shearman & Waagner	7.00		
Union Bank Co (USA)	7.00		
Wainwright	7.00		

## BANKS, RETAIL

Name	Wk's	Div	Dividends
ABN Amro Plc	7.00		
ABN Amro	7.00		
ABN Amro Bank	7.00		
ABN Amro Corp	7.00		
ABN Amro Corp (UK)	7.00		
ABN Amro Corp (USA)	7.00		
ABN Amro Corp (W) <sup>1</sup>	7.00		
ABN Amro Corp (W) <sup>2</sup>	7.00		
ABN Amro Corp (W) <sup>3</sup>	7.00		
ABN Amro Corp (W) <sup>4</sup>	7.00		
ABN Amro Corp (W) <sup>5</sup>	7.00		
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## **NEW YORK STOCK EXCHANGE PRICES**

4 pm close May 3

Market Dynamics

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Continued on next page

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Merita's financial worries which pushed the share price below FM10.00. Investors are questioning the real value of the real estate portfolio, with the real estate value at FM12.5bn in the latest financial statement. The shares closed down FM1.50 on Friday at FM10.50.

Agri-Indosnery's aim is to make it possible for the banks to pursue the plan in progress of the year. This will be done by a system of interest-free credits, which will be used for the financing of the new and existing projects.

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1. *W. C. W. 1900*

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**Fokker**  
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## NYSE PRICES

NYSE PRICES											
1966		1967		1968		1969		1970		1971	
Symbol	Low Stock	Div	Vol	P	S	St	High	Low	Close	Chg.	Per cent
<b>Continued from previous page</b>											
14½ 6% Schr	3	2888	107	161	104						
27½ 10% Schmitz	0.16	0.7	23	2323	241	231	233	225	231	-1	-4
26½ 22% Schott	13	753	265	265	257	255	255	255	255	-1	-4
15½ 13½ Schol	0.05	0.3	46	3222	181	173	181	173	181	-1	-4
10½ 17 Scholm	0.10	0.5	11	192	191	191	191	191	191	-1	-4
40½ 16½ Scholz	0.52	1.2	25	173	173	173	173	173	173	-1	-4
10½ 14½ Scholz	0.02	0.1	1	158	157	157	157	157	157	-1	-4
12½ 16 Scholz	0.16	1.3	158	124	124	124	124	124	124	-1	-4
16½ 16 Schott	0.70	3.2	2	3	181	181	181	181	181	-1	-4
10 15½ Schott	1.46	84	2	15	15	15	15	15	15	-1	-4
5½ 44½ Schwan			2218282	557	557	557	557	557	557	-1	-4
30½ 31½ Schwan	0.80	1.8	20	2019	2019	2019	2019	2019	2019	-1	-4
17½ 17½ Schwan	15	2773	224	224	224	224	224	224	224	-1	-4
25½ 25 Schiedt	0.02	1.7	281647	304	304	304	304	304	304	-1	-4
35½ 38½ Schiedt	0.92	1.8	1411653	511	50	50	50	50	50	-1	-4
22½ 14½ Schieffelin	1.24	6.0	20	564	309	205	205	205	205	-1	-4
13 11½ Schidell	0.88	68	110	121	121	121	121	121	121	-1	-4
24½ 15½ Schindler	0.22	1.1	73	497	214	205	205	205	205	-1	-4
23½ 20½ Schindler	0.60	1.7	62	13	351	351	351	351	351	-1	-4
41½ 30 Schindler	0.50	12	71	10	401	401	401	401	401	-1	-4
5½ 38½ Schindler	0.48	0.9	26	386	515	509	509	509	509	-1	-4
5½ 21½ Schindler	0.95	3.0	14	15	315	321	321	321	321	-1	-4
8 4½ Schindler			91083	453	453	453	453	453	453	-1	-4
40½ 29½ Schindler	10	1454	453	453	453	453	453	453	453	-1	-4
15½ 10½ Schindler	0.30	2.4	37	2283	125	124	124	124	124	-1	-4
10½ 8½ Schindler	2.20	2.1	14	231	17	17	17	17	17	-1	-4
7½ 7½ Schindler	1.30	4.3	17	666	794	78	78	78	78	-1	-4
30½ 27 Schindler	0.70	1.5	19	1955	452	452	452	452	452	-1	-4
23½ 22½ Schindler	0.10	0.3	27	467	311	311	311	311	311	-1	-4
11½ 11½ Schindler	1.18	50	11	137	233	233	233	233	233	-1	-4
<b>- V -</b>											
1966		1967		1968		1969		1970		1971	
Symbol	Low Stock	Div	Vol	P	S	St	High	Low	Close	Chg.	Per cent
20½ 22½ Tech Data	0.85	3.9	8	166	241	214	214	214	214	-1	-4
30½ 24 Tech Data	0.74	1.9	13	2229	527	527	527	527	527	-1	-4
30½ 42½ Tech Data	1.37	26	1016	527	527	527	527	527	527	-1	-4
30½ 24½ Tech Data	0.92	2.7	111622	234	23	23	23	23	23	-1	-4
40½ 36½ Tech Data	1.20	2.5	10	2124	492	492	492	492	492	-1	-4
21½ 14½ Tech Data	0.27	1.2	154	205	205	205	205	205	205	-1	-4
21½ 14½ Tech Data	0.18	0.8	100	84	84	84	84	84	84	-1	-4
21½ 6½ Tech Data	0.65	42	100	84	84	84	84	84	84	-1	-4
20½ 6½ Tech Data	0.65	42	100	84	84	84	84	84	84	-1	-4
20½ 47½ Tech Data	1.89	34	8	166	502	502	502	502	502	-1	-4
30½ 34½ Tech Data	0.26	0.8	11	35	375	375	375	375	375	-1	-4
27½ 16½ Tech Data	0.05	0.2	1	8628	214	214	214	214	214	-1	-4
8½ 4½ Tech Data	0.05	0.2	7	4028	125	125	125	125	125	-1	-4
14½ 11 Tech Data	0.18	1.2	7	4028	125	125	125	125	125	-1	-4
11½ 8 Tech Data			4	2423	105	105	105	105	105	-1	-4
11½ 8 Tech Data	0.05	0.2	1	8628	214	214	214	214	214	-1	-4
7½ 5½ Tech Data	0.05	0.2	8	8628	214	214	214	214	214	-1	-4
5½ 5½ Tech Data	0.40	0.8	3	101	84	84	84	84	84	-1	-4
5½ 42½ Tech Data	0.63	1.2	101084	575	575	575	575	575	575	-1	-4
32½ 7½ Tech Data	0.40	1.4	20	40	204	204	204	204	204	-1	-4
42½ 50½ Tech Data	2.00	5.101	673	403	395	395	395	395	395	-1	-4
3 2½ Tech Data	1.10	478	2	141	25	25	25	25	25	-1	-4
68 65½ Tech Data	1.75	21	17	3550	845	845	845	845	845	-1	-4
5½ 32½ Tech Data	0.05	0.2	3	25	25	25	25	25	25	-1	-4
12½ 13½ Tech Data	1.95	15.8	112	145	145	145	145	145	145	-1	-4
27½ 17½ Tech Fund	0.11	0.5	35	204	204	204	204	204	204	-1	-4
63½ 45½ Tech Fund	0.12	0.2	35	1803	614	614	614	614	614	-1	-4
44½ 32½ Tech Fund	0.68	16	26	516	417	417	417	417	417	-1	-4
40½ 35½ Tech Fund	1.12	29	18	931	305	305	305	305	305	-1	-4
23½ 21½ Tech Fund	0.68	20	17	41	204	204	204	204	204	-1	-4
23½ 21½ Tech Fund	2.00	21	26	233	232	232	232	232	232	-1	-4
<b>- W -</b>											
21½ 16½ WMS Inc							70	28	175	175	175
23½ 16½ WMS Inc							70	28	175	175	175

After class supplied by Tolkaire  
 Trade signs and laws for NYSE valid for power from Jan 1 1982.  
 Unless otherwise noted, rates of dividend are annual dividends unless  
 the last dividend. Dates shown are monthly.  
 A-new yearly for NY price-earnings ratio-1000; A-new yearly  
 for ex-dividend or ex-split, whichever is later.  
 B-Change of capital.

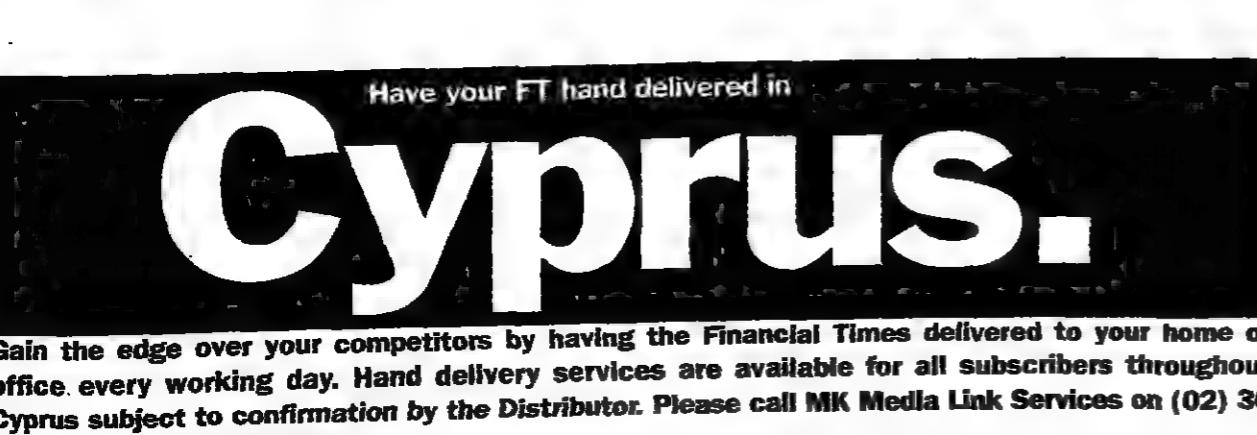
**NASDAQ NATIONAL MARKET**

NASDAQ NATIONAL MARKET																																							
Stock	Ex.	Symbol	High	Low	Last	Chg.	Stock	Ex.	Symbol	High	Low	Last	Chg.	Stock	Ex.	Symbol	High	Low	Last	Chg.																			
ACC Corp	0.02	761651	25.42	25.3	25.42	-1.2	Dip City	132	111	93	47.5	47.5	47.5	-1.2	- L -																								
AccuNet E	11	20202	105	104	104	-1	Opelco	229	16	150	104	9	10	-1	Latco	0.72115	126	18	154	154	-1.4																		
Acme Mills	8	40	18	17.5	17.5	-1	Orb Tech	18	15	15	24	24.5	24.5	-1.5	Ladd Fins	0.18	2	379	114	114	112	-1.4	Rainbow	15	631	201	193	193	-1										
Acme Mills	41	316	355	354	354	-1	Digi Int'l	19	149	204	204	204	204	-1.4	Raybys	0	57	21	18	18	-1	Rally	0	57	21	18	18	-1											
AdelphiTech	3000557	224	57.5	57	57	-1	Dig Micro	30	5337	112	112	12	12	-1.4	Rebound	0.10	9	700	171	161	172	-1	Rebound	0.10	9	700	171	161	172	-1									
ADC Telco	43	5441	44.5	42.5	41	-1.5	Dig Sound	4	2028	14	14	12	12	-1.5	RECB Fin	0.48	8	3826	23	23	23	-1	RECB Fin	0.48	8	3826	23	23	23	-1									
AdelphiTech	12	33	145	135	134	-1.5	Dig Syst	80	532	20	19.5	19.5	19.5	-1.5	Read-Rite		811533	215	204	204	-1	Read-Rite		811533	215	204	204	-1											
AdelphiTech	16	12	57	56.5	56	-1.5	Dolce Cyo	22	5182	20	19	19	19	-1.5	Recoton	15	22	201	184	184	204	-1	Recoton	15	22	201	184	184	204	-1									
Adelphi Sys	0.20	3262843	41.5	40.5	41.5	-1.5	Dose Yrs	0.20	1	666	45.5	45	45	-1	Redemption	54	54	19	18.5	19	19	-1.5	Repligen	1	2554	17	16	16	17	-1	Repligen	1	2554	17	16	16	17	-1	
Adi Logic	12	545	74	72	72	-1	DNA Plant	225	1	1289	32	32	32	-1.5	Leropics	72	1462	51	51	51	51	-1.5	Republ Ind	83	2533	34	33.5	33.5	33.5	-1	Republ Ind	83	2533	34	33.5	33.5	33.5	-1	
Adi Polym	15	1056	103	10	10	-1	Dodger Co	200	26	124	25.5	25.5	25.5	-1.5	Licenses	7	199	4	34	33	33	-1	Rescinded	36	1046	24.5	24.5	24.5	24.5	-1	Rescinded	36	1046	24.5	24.5	24.5	24.5	-1	
Adi TechLab	28	671	32	31.5	31.5	-1	Dolphin	988	20	8	14	14	14	-1	Rosen Pr	0.52	13	74	23.5	22.5	22.5	-1.5	Rosen Pr	29	775	12.5	11.2	11.2	11.2	-1	Rosen Pr	29	775	12.5	11.2	11.2	11.2	-1	
Adiotech	1.25	111	104	54.5	52.5	52.5	-1.5	DresserInd	17	457	25	25	25	25	-1.5	Lessons	28	293	29	7	7	7	-1.5	Routen	0.86	26	62	57.5	57.5	57.5	-1	Routen	0.86	26	62	57.5	57.5	57.5	-1
AgfaGeva	0.10	51	47	18.5	18.5	18.5	-1	DresserInt	14	151	114	11	11	11	-1	Lessons	0.40	11	7	29.5	29.5	29.5	-1	Lessons	0.40	11	7	29.5	29.5	29.5	-1								
AgExpo	1.17	17	17.5	17.5	17.5	-1	Grey ED	0.24265	9	343	34.5	34.5	34.5	-1	Life Tech	0.24	18	29	25.5	26.5	26.5	-1	Lessons	0.20	17	31.058	37.5	37.5	37.5	-1	Lessons	0.20	17	31.058	37.5	37.5	37.5	-1	
Alco AER	1.75	9	647	58	57.5	57.5	-1.5	Drug Engs	0.06	22	201	6.5	5.5	5.5	4	Life Tech	26	529	14.5	13.5	14.5	14.5	-1.5	Lilypond	0.32	17	10	14.5	14.5	14.5	-1	Lilypond	0.32	17	10	14.5	14.5	14.5	-1
Alco AER	0.88	23	403	25	24.5	24.5	-1	DS Bazaar	0.24	12	29	30.5	29.5	29.5	-1.5	Lilypond	0.32	17	10	14.5	14.5	14.5	-1	Lilypond	0.32	17	10	14.5	14.5	14.5	-1								
Alco Eng	0.52	12	2100	36	35	-1	Dotcom	0.52	18	4040	24	24	24	-1.5	Lincroft	0.10	19	1238	15.5	15.5	15.5	-1	Lessons	0.10	20	29	25.5	27.5	27.5	-1	Lessons	0.10	20	29	25.5	27.5	27.5	-1	
Alco Fin	14	2882	19.5	18.5	18.5	-1	Dynastech	34	616	26.5	25.5	25.5	25.5	-1.5	LiveStk	31	1132	41.5	40.5	41.5	41.5	-1	Ross Str	0.23	19	3384	34.5	33.5	34.5	-1	Ross Str	0.23	19	3384	34.5	33.5	34.5	-1	
AlcoCap	1.32	15	25	17.5	17.5	17.5	-1	East	2	159	4	3.5	4	4	-1	LiveStk	21	405	11.2	10.5	10.5	10.5	-1	Rothchild	26	1115	39	37.5	37.5	37.5	-1	Rothchild	26	1115	39	37.5	37.5	37.5	-1
AlcoCap	1.32	22	450	4	3.5	4	-1	East	2	159	4	3.5	4	4	-1	Lesser	14	44114	10.5	9.5	10	10	-1	RPM Inc.	0.48	18	1309	15.5	15.5	15.5	-1	RPM Inc.	0.48	18	1309	15.5	15.5	15.5	-1
Alco Gold	0.06	25	1172	3.5	3.5	3.5	-1	East	2	159	4	3.5	4	4	-1	Lesser	14	44114	10.5	9.5	10	10	-1	Ryan Finly	15	5647	110.5	9.5	9.5	9.5	-1	Ryan Finly	15	5647	110.5	9.5	9.5	9.5	-1
Alco Co	2252845	51.5	49	49	49	-1	East	2	159	4	3.5	4	4	-1	- E -								- S -																
Am Builders	0.26	10	115	36.5	36.5	36.5	-1	East	2	159	4	3.5	4	4	-1	East	2	159	4	3.5	4	4	-1	Safeco	1.08	813539	31.5	30.5	30.5	30.5	-1	Safeco	1.08	813539	31.5	30.5	30.5	30.5	-1
Am CityW	0.18	12	405	5.5	5.5	5.5	-1	East	2	159	4	3.5	4	4	-1	East	2	159	4	3.5	4	4	-1	Safeco	1.08	813539	31.5	30.5	30.5	30.5	-1	Safeco	1.08	813539	31.5	30.5	30.5	30.5	-1
Am Manag	25	714	27	25.5	25.5	-1	East	2	159	4	3.5	4	4	-1	East	2	159	4	3.5	4	4	-1	Safeco	1.08	813539	31.5	30.5	30.5	30.5	-1	Safeco	1.08	813539	31.5	30.5	30.5	30.5	-1	

Bob Evans	1.48	11.5835	38	30	38.5	+2	Biddeford	0.12	86.1125	19	184	184	-1	Neosho	875	1754	7	92	94	+2	T.J. Town Pr	0.42	20	1843	274	284	274	
Bob's	0.32	14	821	162	156	-6	Gilbert A	0.80	4	134	13	124	-12	Neosho	7081	1622	82	85	88	+2	TBC Op	13	181	81	77	81	-1	
Boots & S.	19	187	264	254	252	-2	Gilm. Bros	26	17	74	7	7	-1	Neosho	34	4416	444	404	412	+2	TCA Cabs	0.88	22	383	304	294	3	
Bottled	35	7729	164	353	18	+6	Good Guys	12	987	93	93	93	-1	Neosho	28	550	302	284	304	+2	TCI SpA	7346744	184	187	184	184	-1	
Bowman Bl.	0.76	5	64	42	414	-41	Goldfinch	0.82	22	584	244	239	-24	New Image	2	273	44	45	45	-1	Therablast	35	3432	204	184	184	-1	
Boston Tc	27	1798	165	161	162	-1	Gordogear	10	120	33	33	33	-1	Northgate	37	348	1871	889	857	+2	Toscanini	1.04	9	88	52	52	-1	
Brockway A	0.40	18	80	304	195	-14	Gratia	0.24	12	454	203	193	-20	Northgate	0.04	20	182	84	82	-2	Trotter	348	4882	144	139	139	-1	
Brenco	0.88	11	188	132	124	-12	Green AP	0.38	8	2	184	184	184	+2	Northgate	7	7761	177	174	173	+2	Tulco Sys	15	347	111	111	111	-1
BSEB Shop	0.88	12	71	252	252	-2	Groveside	153	50	171	171	171	-2	Norton	0.72	21	67	514	60	60	+2	Tulsi	7	2675	5	74	73	-1
BT Staging	0.46	16	500	316	322	-26	Gnd War	35	80	134	13	134	-2	Norton	0.50	261	5728	1532	504	520	+2	Tulsi	41	6156	561	554	554	-1
Bulldog	16	15308	14	134	182	-2	GTE Corp	0.52	1168	94	97	94	-1	Norton I	15	40	274	262	284	+2	Tulson Cp	0.01	26	1107	223	22	22	
Bulldog T	218	4	84	84	84	-1	Gulf NY Sng	12	182	114	105	114	+1	N Star Lin	15	10	82	84	83	-1	Tuna Tec	24	161	185	185	185	-1	
Burr Bros	8	384	183	182	184	+2	Gymkana	277268	284	28	292	28	+2	MontanaTel	1.24	13	4831	547	534	-1	TunabrainD	0.10	30	2154	441	434	-1	
Buckbeam	21	4	354	355	352	-2	Harbor	12	182	114	114	114	-1	NW Air	12	3087	444	432	44	-1	Turner Com	3922575	474	452	461	461	-1	
Bulldog Mfg	0.40	11	56	384	26	-2	Hornet	1026088	144	127	147	147	+2	U	16	86	73	83	74	-1								

## **AMEX PRICES**

Corporation	36 3230 252-2	24	14	-2	Corporation	21 1000 100-2	10	14	-2	Corporation	21 1000 100-2	10	14	-2	Corporation	21 1000 100-2	10	14	-2		
Corporation	72 343 852-252	852	632	+2	Corporation	0.05 1533167	165	155	+2	Corporation	1.00 14 23	34	30-2	+2	Corporation	32 81 45-2	44-2	44-2	44-2		
Corporation	23 1829	53	32	-14	Corporation	28 2206	205	195	-10	Corporation	14 14 2702	271	268	-3	Corporation	24 1358	163	162	-1		
Corporation	0.15 8 58	21	20	-4	Corporation	0.24 12 1266	139	127	-12	Corporation	14 177	2	17	-1	Corporation	15 221	134	134	134		
Corporation	1.30 11 13	222	222	-4	Corporation	1.00 13 125	125	125	-4	Corporation	0.20 30	4	18-2	-10	Corporation	73 799	14-2	14	14		
Corporation	4.20 17 1030	352	35	+2	Corporation	412 257	85	85	+2	Corporation	0.05 9 1057	21-2	20-2	+2	Corporation	21 5425	18-2	17-2	17-2		
Corporation	0.051056 330	17-2	17	-2	Corporation	32 1518	115	104	-11	Corporation	22 1754	124	122	-2	Corporation	8 1448	23-2	22-2	22-2		
Corporation	0.051056 330	17-2	17	-2	Corporation	28 3350	304	294	-10	Corporation	6 777	54	54	-2	Corporation	-	-	-	-		
Corporation	0.75 12 222	36	35-2	-14	Corporation	14 215 214	205	204	-1	Corporation	1.02 110	30	32-2	31-2	Corporation	-	-	-	-		
Corporation	68 218 315	314	313	-1	Corporation	0.05 23 747	263	264	+1	Corporation	25 2823	167	161	-6	Corporation	-	-	-	-		
Corporation	1.2565 67	57	56	+2	Corporation	1.00 164338	66	57-2	-6	Corporation	23 1254	147	142	-4	Corporation	-	-	-	-		
Corporation	8205 27	625	262	-4	Corporation	14 1	15%	15%	15%	Corporation	0.48 18 18	95	97	+2	Corporation	-	-	-	-		
Corporation	32 1817	625	262	-4	Corporation	1.00 12023	61	223-2	-2	Corporation	49 3168	34	33-2	-2	Corporation	-	-	-	-		
Corporation	2 3230	652	54	+2	Corporation	10 24 242	242	242	-2	Corporation	10 24 242	242	242	-2	Corporation	-	-	-	-		
Corporation	91 114	89	8	-9	Corporation	0.40 20 1822	28-2	26	-2	Corporation	0.80 25 18	54%	53	-1	Corporation	20 628	41-2	41-2	41-2		
Corporation	35 2361	252	23	+2	Corporation	0.05 11 161	164	154	-10	Corporation	0.12 14 161	164	154	-10	Corporation	1 1121	114	114	114		
Corporation	0.50 18 539	185	177	-8	Corporation	116 2555	234	212	-22	Corporation	1.02 1588	274	25	25-2	+2	Corporation	11 2554	46-2	46-2	46-2	
Corporation	95 5455	13	117	-12	Corporation	0.05 14 7	8	7	-1	Corporation	0.47 6 8	137	137	-2	Corporation	4 537	13-2	12-2	13-2		
Corporation	5653 192	192	182	+2	Corporation	1.00 22 2	194	184	-10	Corporation	16 74 104	104	104	-2	Corporation	10 381	215	214	214		
Corporation	602 20 1828	232	222	-10	Corporation	1.00 14 165	164	145	-19	Corporation	1 563	24	18	-2	Corporation	30 822	154	144	144		
Corporation	38 2013	74	63	-7	Corporation	1.00 14 165	145	145	-2	Corporation	0.09 6 801	97	92	-5	Corporation	1.24 7 4416	6542	611	632		
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## FT GUIDE TO THE WEEK

## MONDAY 6

## Israel/Palestine talks reopen

Israel and the Palestinian Authority begin negotiating the final status of the West Bank and Gaza Strip. They will also tackle thorny issues such as Jewish settlements in the West Bank and Gaza, borders, refugees and Jerusalem. The talks, at Egypt's Red Sea resort of Taba, follow interim agreements under which Israel has withdrawn its forces from the Gaza Strip and seven West Bank cities, and the Palestinian Liberation Organisation has revoked clauses in its charter calling for Israel's destruction. It is hoped a full peace accord will be reached in three years. However, the talks could be threatened if the Likud party leader, Benjamin Netanyahu, wins the Israeli elections.

**Mexico-US friction**  
Mexico and the US hold their annual bi-national talks, with more than 10 senior cabinet members from either side in Mexico City to thrash out hardy perennial issues such as drugs and immigration. Anti-US feeling in Mexico has been inflamed over the mistreatment of Mexican illegal immigrants in the US as well as by allegations that drug money laundering is rife in its financial system.

## German unemployment

Figures for April are likely to show Germany's seasonally adjusted unemployment has risen further. The unadjusted figure published by the federal statistics office may well fall from 4.1m in March - 10.8 per cent of the workforce - given that an unusually bitter winter is over, a factor which particularly caused job losses in the construction industry. However, the seasonally adjusted figures look set to rise - having done so during April for the last two years.

## War crimes commission

Legal experts from 34 countries meet in Geneva to work on a code of "crimes against the peace and security of mankind" (July 26). The UN International Law Commission has still to agree on the crimes. Only aggression, genocide, systematic or mass human rights violations and serious war crimes are uncontested. Wilful and severe damage to the environment may be covered too. There is no consensus on other proposed crimes including the use of mercenaries, terrorism and drugs trafficking.

## Public holidays

Chile, Ireland, Japan, Lebanon, Montserrat, Syria, Thailand, UK.

## TUESDAY 7

## Battle to face Helms

America's North Carolina primary pits two prominent Democrats against each



Chechens from the town of Shali protest after Russian forces blockaded the town gave residents until May 9 to expel separatist rebels

other for the dubious privilege of facing Jesse Helms, the arch conservative Republican chairman of the Senate foreign relations committee, in November.

Harvey Gant, a black former mayor, is better known because he ran against Mr Helms in 1990. However, Charles Sanders, the former head of Glaxo, the pharmaceutical company, argues that as a political neophyte he has a better chance.

## British MPs reveal interests

A new and considerably larger register of British MPs' interests is published in the House of Commons. MPs will be obliged to register remuneration for outside activities that involve what are called "parliamentary services".

At least 30 Conservative MPs are expected to try to circumvent the rules by arguing that their services are not parliamentary and involve expertise irrelevant to their work as MPs.

**Tadic tried for torture**  
The UN international tribunal for war crimes in former Yugoslavia in The Hague begins its first trial. Dusan Tadic, a Bosnian Serb, is accused of the murder and torture of Bosnian Muslims in the Serb-run Omarska camp in north-western Bosnia.

Arrested in Germany in February 1994 when recognised by Bosnian refugees, Tadic was a cafe owner and karate instructor in the town of Prijedor. In April 1993 he was extradited to The Hague, where he is one of three suspected war criminals in custody.

**EU reviews beef semen ban**  
The EU veterinary committee considers whether restrictions should be lifted on British beef exports of galatina, tallow and semen (to May 8).

## EU energy ministers meet

European Union energy ministers gather in Brussels to renew attempts to agree proposals to liberalise the EU electricity market. Although the issue has been discussed for five years, the widely differing views of member states may still prevent ministers from reaching a common position.

## WEDNESDAY 8

## Vote counted in India

Ballot papers are counted in India following yesterday's third and final main phase of voting in 12 states. Results of the world's largest election are expected to be announced by Friday. More than 1.5m police and paramilitary forces have policed the elections, in which 900m people voted for 543 members of parliament.

Shankar Dayal Sharma, the president, will call the party with the largest number of votes to form a government. However, with none likely to achieve the 272 seats required, a hung parliament is predicted.

## Hormone-treated beef row

The dispute settlement body of the Geneva-based World Trade Organisation meets over a US request for an investigation into the EU's ban on hormone-treated beef. Washington says the ban, since 1988, has no scientific justification and is a trade barrier rather than a measure to protect consumers. The EU, which has

filed its own WTO complaint against US trade sanctions imposed in the dispute, argues that the ban was to prevent a slump in demand - a view strengthened by the "mad cow" scare.

## Football

European Cup Winners' Cup final, Brussels.

## Equestrianism

Royal Windsor horse show, Berkshire, England (to May 26).

## FT Survey

FT Exporter.

## Public holidays

Czech Republic, France, French Guiana, French W Indies, Guyana, New Caledonia, Tahiti, Western Samoa.

## THURSDAY 9

## Scottish Tory conference

The Scottish Conservative party's annual conference opens in Aberdeen (to May 11) with support for the party standing at only 13 per cent in the Scottish opinion polls despite an energetic performance by Michael Forsyth as Scottish secretary. Eight cabinet ministers will address the conference, including Michael Heseltine, the deputy prime minister, and Kenneth Clarke, the chancellor of the exchequer. Three Scottish cabinet ministers will also speak: Mr Forsyth, Malcolm Rifkind, the foreign secretary, and Ian Lang, the trade and industry secretary. The conference closes with a rally addressed by John Major, the prime minister.

## ECONOMIC DIARY

## Statistics to be released this week

Day Released	Country	Economic Statistic	Median Forecast	Previous Actual	Day Released	Country	Economic Statistic	Median Forecast	Previous Actual	
Mon	Germany	Apr unemployment, West†	10,000	27,000	May 8	Germany	Feb employment, West†	-40,000	-47,000	
May 8	Germany	Apr unemployment, West†	-40,000	-47,000	May 10	US	Ditto ex-food & energy	0.5%	0.5%	
	Germany	Apr unemployment, pan-Germany†	5,000	n/a		US	May Michigan sentiment prelim	-	82.7	
	Germany	Apr vacancies, West†	-	6,000		US	Apr bank credit	-	-3.1%	
	UK	Mar housing starts	-	n/a		US	Apr C&I loans	-	-3.3%	
	Italy	Apr consumer price index*	0.5%	0.3%		Italy	Feb EU trade balance	10.77tr	10.47tr	
	Italy	Apr consumer price index**	4.5%	4.5%		Italy	Mar ex-EU trade balance	12.1tr	12.7tr	
Tues	US	1st qtr productivity prelim	-	-1.0%	During the week...					
May 7	US	Johnson Redbook w/e May 4	-	-1.8%		Japan	Mar current a/c (IMF)††	Y1.17tr	Y1.38tr	
	US	Mar consumer credit	\$10.0bn	\$12.0bn		Japan	Mar trade balance (IMF)††	-	Y1.42tr	
	Japan	Apr trade balance (1st 20 days)††	-	Y331bn		Japan	Mar foreign bond investment	-	Y628bn	
	Wed	US	Mar wholesale trade	-	0.8%		Germany	Feb trade balance	DM6.5bn	DM5.8bn
	May 8	Denmark	Feb trade ex-ships	DKr1.7bn	DKr1.1bn		Germany	Feb current a/c	-DM2.5bn	-DM3.4bn
		Denmark	Feb current a/c	DKr6.0bn	DKr6.0bn		Germany	Mar final M3 (4th qtr '94)	-	4.8%
		Thur	US	M1 w/e Apr 29	-\$10.0bn		Germany	Mar final M3 (4th qtr '95)	-	12.2%
			May 9	M2 w/e Apr 29	-84.3bn		Germany	Mar manufg orders, pan-Germany*	0.3%	-1.24% (rev)
				US	-\$1.6bn		Germany	Mar capital a/c	-	-DM5.8bn
				US	Mar final M3 (4th qtr '94)	-	Germany	Mar net foreign securities purch's	-	DM9.9bn
							Germany	Apr final cost of living, West†	-	0.0%
							Germany	Apr final cost of living, West†	-	1.4%
							Germany	Apr final cost of living, pan-Germany*	-	0.1%
							Germany	Apr final cost of living, pan-Germany**	-	1.7%
							Germany	Mar retail sales†	-	-2.0%
							France	Mar M2††	-	-0.2%

\*month on month. †yr on yr. ††not seasonally adjusted. Statistics, courtesy MMS International.

## MONDAY PRIZE CROSSWORD

No.9,061 Set by DANTE

A prize of a Pelikan New Classic 300 fountain pen for the first correct solution opened and five runner-up prizes of £50 Pelikan vouchers will be awarded. Solutions by Thursday May 16, marked Monday Crossword 9,061 on the envelope, to the Financial Times, 1 Southwark Bridge, London SE1 2H. Solution on Monday May 20. Please allow 28 days for delivery of prizes.

Name \_\_\_\_\_

Address \_\_\_\_\_

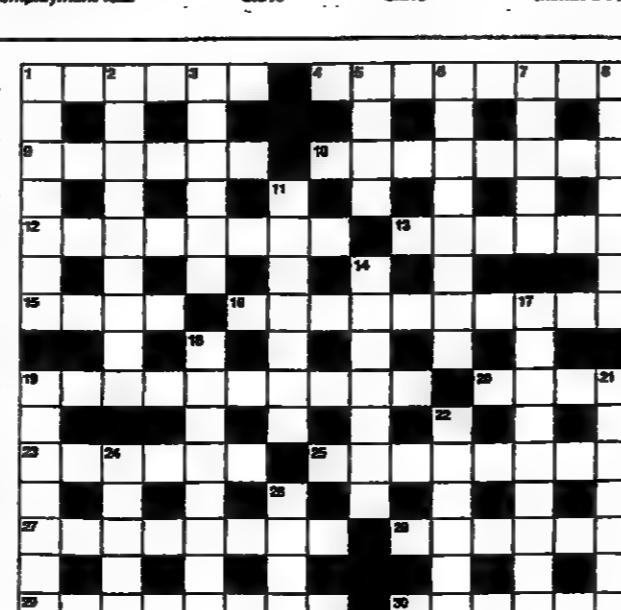
Wimmers 9,043

A.R. Wicks, London E14  
Mrs P. Angel, Denton, Kent  
N. Haigh, Hartley Whinney,  
Tuntons  
M. Parker, Coulston, Surrey  
K. Oldham Smith, London E11  
K. Riddell, Bickenhill, W. Midlands

Solution 9,049

REVEAL INTRODUCES  
A DROOPS FALESIO  
IL ESE T Y T H  
CHINAMAN PLAYER  
A N L K T E A  
LOIS DEPRESSION  
REVERSE F O  
REVERSE ARE BUDUM  
G I F L O D A  
CREWEL EMBOSSED  
R H S B L D I O  
UPRAISED WAGNER  
G O D A R D W H  
DURHOUR VEBESTIA

DOWN  
1 Pride in its arrival is no sin for its parents (4-3)  
4 Sort of work in which people want to take part? (5)  
5 A heavenly model (6)  
10 Colic's replaced around mid-July (9)  
12 Pocks a bull at the end of a break. Crazy? (8)  
13 Slowly executed movement gets a soldier in trouble (6)  
15 Held up in Paddington, etc (4)  
16 Elbow room for a few (10)  
19 Game in which Tom goes nap (4,6)  
20 Highly placed at work (4)  
22 Fighting a lawsuit (6)  
25 No need to be invited (5)  
27 Hear a gun go off and speak to someone angrily (8)  
28 Illicitly acquired bundle of pound notes (6)  
29 A place where lots go (4-4)  
30 Try to get aboard cutters (6)



## Italian parliament convenes

Italy's 13th post-war legislature convenes in the wake of the centre-left Olive Tree alliance's election victory. Initial work will be taken up in electing new speakers for the senate and chamber of deputies, the appointment of the heads of commissions and defining the number of parliamentary groups. President Oscar Luigi Scalfaro will then invite Bologna economics professor Romano Prodi to form a new government - which will only be fully operational after presenting its programme and a vote of confidence towards the end of the month.

## S Africa constitution

South African parliamentarians have a last chance to wrangle over their new constitution before it goes to the constitutional court for final approval. The debate is likely to be fraught after last week's deadlock - over striking workers - between the African National Congress, the majority party in the government of national unity, and its political opponents led by the National Party. If the constitution fails to secure a two-thirds majority in parliament, there is a provision for a referendum.

## EU trade mission in Japan

Hardly a week goes by without a foreign trade delegation arriving in Tokyo seeking to increase sales to Japan's fast-opening domestic economy. This week, chief executives from 11 EU states will be knocking on government and trade group doors. The team will be led by Sir Leon Brittan, the EU trade commissioner, and includes suppliers of electrical appliances, telecommunications services, financial services and semiconductors.

## Gymnastics

Men's European championships, Copenhagen (to May 12).

## FT Survey

Glasgow.

## Public holidays

Belarus, Kazakhstan, Kyrgyzstan, Moldova, Russia, Turkmenistan, Ukraine.

## FRIDAY 10

## Atlantic initiative in Prague

Political, business and cultural figures from the US and Europe gather in Prague for a "new Atlantic initiative" conference aimed at renewing transatlantic security, economic, cultural and political ties. The goal is to secure the admission of central European countries into Nato and the European Union and to encourage free trade between the EU and Nafta.

## Japan budget bills enacted

Japan's Y75.100bn (547.8bn) budget for the year to next March is enacted, an automatic consequence of its parliamentary adoption last month. It includes the sharpest rise - 5.8 per cent - in public spending in five years, to cover debt costs incurred for the largest fiscal stimulus package in Japanese history.

## SATURDAY 11

## Football

After their crowning as English football league champions, Manchester United have a chance today to boost their stock market standing by completing the League FA Cup double for the second time in three years. Today Manchester United play Liverpool in the Cup final at Wembley, London. Enthusiasts maintain that Manchester United's manager, Alex Ferguson, has restored the team to the heights scaled under legendary manager Sir Matt Busby.

## Rugby union

Middlesex sevens, Twickenham, near London.

## Triathlon

UK championships, Milton Keynes.

## Public holidays

Cameroon.

## SUNDAY 12

## Athletics

## BUSINESS EDUCATION

Britain's professionals are chasing higher qualifications, says Della Bradshaw

## Rush to join the club



## Clowning around

Donning a police man's hat or a clown's mask might not seem like the best way to learn how to manage change within your organisation. But Jacqui Kasket, drama teacher and management development academic, believes that drama is a most effective catalyst.

Kasket has introduced her "Theatre of Change" workshops in many commercial organisations and the course has now been adopted by Middlesex University in London as an optional part of its two-year MA in Personal and Organisational Development.

In simple terms, a typical workshop would involve managers selecting a prop - a hat or mask - to represent their role in their organisation. They would then have to develop a drama which acted out the change situation in their company. If they prefer, participants can adopt a role other than their own.

Kasket believes adopting roles helps students to dispel their inhibitions and distance themselves from the day-to-day problems they face at work so that they can see more clearly how to deal with issues of change.

DB

One are the days when a degree from a UK university was enough to guarantee a good job for life. Increasing job growth has meant a growth in demand for training, to increase salary and promotion prospects, and for portable professional qualifications, which retain their value when the holder moves from job to job.

The proliferation of UK universities, and the uncertainty about the quality of the degrees which many offer, is one of the factors which has fuelled the demand for recognised professional qualifications. Says Richard Price, chairman of BPP, the professional education group. And adds John Pipp, director of diploma programmes at Ashridge Management College: "People don't regard a degree in any old subject as sufficient any more."

Those who responded to the latest British Institute of Management survey on the subject, conducted by Ashridge, overwhelmingly supported qualifications. More than three-quarters of the 700 managers who responded (3,000 of BIM's members received postal questionnaires) said they needed broader knowledge in order to take on more responsibilities and achieve promotion.

Perhaps not surprisingly, top of the wish list of desirable qualifications was the master of business administration degree (MBA). However, such qualifications are just the tip of the iceberg of postgraduate qualifications.

For example, at any one time there

are more than 300,000 people studying for a UK accountancy qualification - compared with just 200,000 15-year-olds who start at British universities every year. And thousands of managers across the professions are studying shorter courses - anything from a few hours to a couple of weeks in length.

The market is so fragmented that choosing a course is fraught with difficulties. Course providers range from

training and conference organisations to individual consultants.

Recent years have also seen an increase in demand in professions such as accountancy and financial services for industry-specific qualifications. The demand has been partly driven by legislation, but says Gary Mond, a London-based freelance financial trainer: "Legislation plays only a small part". The need for up-to-date information, he

believes, provides a stronger impetus.

The age old reason of "earning more money" is still a powerful motivation, believes Louise Wassell, marketing manager for Financial Training, the specialist training company. But the need for a "badge" which individuals can advertise when they apply for new jobs also persists.

"Professional examinations have about a 50 per cent pass rate and are externally marked. That's a real qualification; that's what people want to have," says Price. He recalls the expression of Groucho Marx, who said he would never belong to a club that would accept him as a member.

Britain's trainees in accountancy and financial services, Price jokes, often take a similar elitist view.

In the City sector a similar story emerges. It's the "age of the examination and the qualification" according to David Dobson, secretary-general at the Institute of Investment Management and Research. The institute has seen a growth for both its Investment Management Certificate - a compulsory benchmark exam for those wanting to join the industry - and its higher level voluntary examinations.

The Securities Institute, which administers the Stock Exchange entrance exam, is devising a continuing professional development programme for its members. Its latest survey shows that 42 per cent of responding members wanted to work towards mandatory, not voluntary, qualifications.

## NEWS FROM CAMPUS

## A roaring course planned in Africa

If a safari park holds more appeal for you than a university lecture room, and doing business in southern Africa is on your company agenda, then you may be one of the target audience for a proposed course from Templeton College, Oxford, and Ernst & Young.

The

Oxford

southern

African

business

leadership

programme will be held in

Johannesburg.

The

residential

two-week

programme

will look at

business

processes,

strategy

and the

business

environment.

Templeton: UK: (01865 735422

## How to put the fizz into east Asia

Eighteen graduate management students from the Thunderbird School in Glendale, Arizona, have helped soft drinks conglomerate Coca-Cola to formulate a marketing plan for selling its fizzy drinks in Vietnam and Malaysia.

The two teams of nine students won the jobs after competing with the other students at Thunderbird. The marketing plans, including market research and

analysis, and a proposed advertising campaign were presented to marketing industry analysts last Friday.

Thunderbird: US: 602 978 7761

## Alumni go Dutch on the World Wide Web

Keeping in touch with your old chums via the Internet is possible for the alumni of the Rotterdam School of Management at Erasmus University. The school has made the alumni database available over the web so that past students who have E-mail can be contacted.

Those with the appropriate password can download the

MBS: UK: (0161 275 6382

## International Seminar on the Management of Innovation, Research &amp; Development

## "R&amp;D Management and Innovative Performance"

An international seminar to be held at De Vlerick School voor Management, University of Ghent, Belgium.

Module I: Managing R&D and Innovative Operations (6, 7 June '96)

Module II: A strategic perspective on R&D and Innovation (20, 21 June '96)

You are interested in a state-of-the-art insight into:

- the determinants of successful technological innovation
- the management of the product creation process
- how to improve the motivation and performance of your innovative professionals
- the allocation and distribution of resources across your R&D portfolio

In sum, you are interested in improving your innovative activities, INNO.

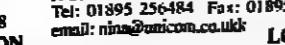
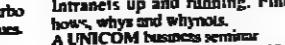
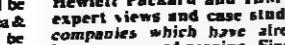
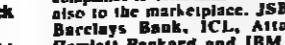
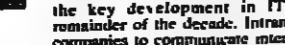
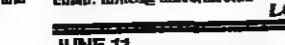
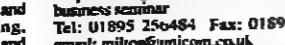
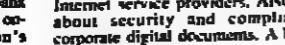
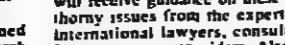
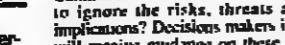
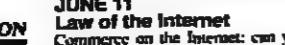
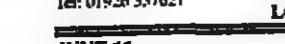
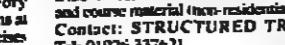
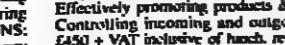
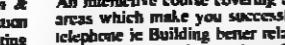
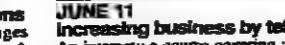
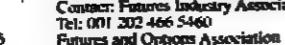
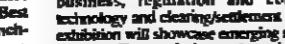
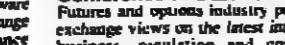
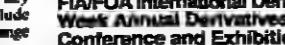
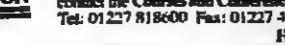
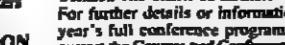
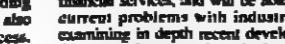
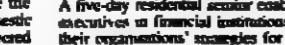
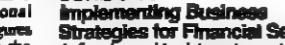
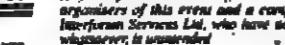
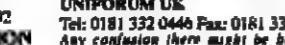
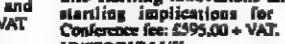
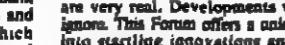
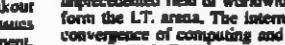
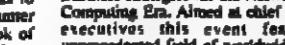
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## SPORT / ARCHITECTURE

# Mental training for the modern athlete

There is an upsurge in sales of books on sports psychology – and no wonder, says Keith Wheatley

**S**ince the psyches of several prominent sportsmen have been severely bruised in recent times, it has been intriguing to notice a sudden clutch of books devoted to sports psychology.

Greg Norman's abrupt descent from hero to zero at last month's US Masters golf tournament, and the sensitivity of Kevin Keegan, Newcastle United's manager, to mind-games in the final stages of England's Premier League football race, must have given pause to all who tend to be sceptical when contemplating the psychological side of modern professional sport.

Interestingly, SportsPages, the London bookshop devoted entirely to sporting volumes, reports an upsurge in mind-over-matter titles.

"There is considerable growth in this sector, and what has changed most of all is that British publishers are getting into it," reports owner John Gausdol. "Most of what we used to stock in this area tended to be imported from the US or, to a lesser extent, Australia."

Growing up in Queensland, the young Greg Norman perhaps never thought to look for golf guidance in a psychology book. Yet his defeat at Augusta, when he let Britain's Nick Faldo overhaul his seemingly impregnable six-shot lead to win the tournament, was certainly due to a mental collapse, or so it is believed.

The 63 (excluding the course record) shot by the Great White Shark on the first day was entirely consistent with Norman's status as world No 1. Whatever went wrong in the intervening 48 hours happened between Norman's ears, not his shoulders. "Golf is uniquely difficult in psycholog-

ical terms, and does lend itself to these kinds of dramas," says Dr Stephen Bull, author of *The Mental Game Plan: Getting Psyched for Sport*. "There is so much time to think in a round of golf and, because of that, endless opportunity for self-doubt and anxiety to creep in. I knew as soon as I watched Norman miss the fairway off the first tee [on his final round] that he would begin replaying in his mind the previous four occasions when he'd been in a position to win the Masters and blown it."

In fact, one of Bull's graduate students in the sports science department at Brighton university is undertaking a detailed comparison of video tapes of Norman's first and final rounds at Augusta, specifically timing what coaches term the "pre-shot routines" in each case.

Either rushing or prolonging the pre-shot sequence indicates profound stress in an experienced player. At the 13th tee on the final round, Norman's indecision seemed unbearable. "He's changed his routine by six or seven seconds," commented David Leadbetter, Faldo's coach, on television. "He's gripping the club and re-gripping it. He can't get comfortable."

Might Kevin Keegan, Newcastle United's manager, have benefited from a sports psychology textbook as he erupted in anger last week against the plots and perfidies of Manchester United and their manager, the vastly experienced Alex Ferguson, who knows, more than anyone else in the English game, how to jangle rivals' nerves?

"As an outsider, I've no means of knowing whether Keegan's outburst was a genuine loss of control or pre-meditated," says Bull. "It could have been aimed at his

aside and given a short talk on the phenomenon of choking, the phrase we use when a sportsman cannot perform his normal skills because of stress."

"It was a much less familiar term at that time, and the students were riveted by the presentation. Before they went back to the basketball court they were specifically warned not to worry about choking. Their scores were markedly lower than those of the unprepared first group."

Bull's new book is nothing if not a practical guide: a handbook for mental fitness on a pitch or court full of chapter headings like *Visualisation: The Imagery Plan, and Anxiety Control: The Arousal Management Plan*. Bull also admits there is nothing very new in all this, revealing that one of the most ancient Japanese books was a Samurai training manual, half of which was devoted to the mental preparation of those athlete-warriors.

The upper echelons of British professional football certainly take their game as seriously as any battle. They see it as "the very b' image of war and double the cost," to paraphrase Mr Jorrocks, the fictional Victorian huntsman.

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Mind-games: sceptics of sport psychology might think again after recent exchanges between Alex Ferguson (left) and Kevin Keegan



Three years on, Backley is rehabilitated as an athlete, a likely medal winner in Atlanta. There were no gurus, just the steady application of the techniques he acquired while taking a sports psychology degree at Loughborough university. Makes you think what he might have done with a spot of adolescent visualisation.

*The Mental Game Plan, Sports Dynamics, £10.95. The Winning Mind, Aurum Press, £13.95.*

state had been appalling. I had been unprofessional. I was on a roller coaster of emotion, running myself down physically, partly as a result of my mental state."

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*The Mental Game Plan, Sports Dynamics, £10.95. The Winning Mind, Aurum Press, £13.95.*

Then I picked up *The Winning Mind* by Steve Backley, a naturally gifted British javelin thrower, who won gold medals and the world record as a teenager between 1987 and 1990, largely on natural talent. Then his world fell apart, in a mélange of poor performance, injury and demotivation, even for professionals."

"The Steve Backley of 1990, the young man who was going to sweep up every gold medal going, seemed a distant memory," he wrote after a dismal performance in the Stuttgart world championships in 1993. "I told myself that because my preparations had been so poor and my mental

repair. The dome's copper roof is cracked and roof leaks are affecting the interior and the stability of the timbers. Even the circular temple of Hercules in the Forum of Rome is suffering from eroded foundations and its marble is splintering.

The 100 list will be published later this month when grand will also be announced. World Monument Watch will choose candidates for its list until 2000. Nominations for next year's candidates will be welcome at the fund's offices in London and New York and in other cities – or you could send them to me and I will pass them on.

ger. In addition, the seven-storey manor house at Drach in Tibet has almost been forgotten. Overall, politics has greatly hindered the conservation of Tibet's heritage, while three decades of war and turmoil in Cambodia have almost led to the loss of parts of the Angkor archaeological district.

In Europe, the great church (now mosque) of Hagia Sophia in Istanbul is in need of

## Monumental moves to save our heritage

A fund has been established for the conservation of the world's most endangered buildings, writes Colin Amery

**I**s nothing safe? For 30 years the World Monuments Fund has been keeping an eye on sites and monuments around the globe and helping with their preservation. But all is not well. The world's buildings need constant attention, and many more of them are in danger than perhaps we like to think.

With \$5m worth of help from American Express, a World Monument Watch has been established to help fund the conservation of the "100 most endangered sites" on the planet.

It makes extraordinary reading. Who would have thought that the Taj Mahal in India or

Hagia Sophia in Turkey were in sufficient peril from pollution to be on the list of the world's most endangered buildings?

The object of compiling the list and exposing it to the world is to spur action and to attract more money. More than 250 sites and buildings in 69 countries were considered by an international jury. If all 100 monuments listed in the first batch were to be restored

perfectly, at least \$200bn

would be needed.

What are the major threats

to the buildings? Conflict and wars are the most regular and constant threats. The Balkan states, Vietnam, Lebanon, Cambodia and Georgia have all been badly scarred by war.

Neglect and development are equally threatening. Industrial pollution and over-building in our cities have resulted in considerable damage. And build-

ing on, or too close to, archaeological sites is a constant threat.

Burrit in Albania is one of the 100 listed. It is a remarkable site that remains untouched by mass tourism or development. Although monuments do survive, they often suffer in the growing modern city and lose all sense of context. More dramatically, fire, earthquake and hurricane are often responsible for ending

the lives of monuments.

The 100 buildings were chosen partly because they reflect the scale of the threat and as demonstrations of the value of immediate restoration and remedial action.

It may be surprising to learn that even in a country like Austria the famous fountains of the Belvedere gardens in Vienna are in urgent need of repair. And at Cesky Krumlov in the Czech Republic, air pol-

ution has badly damaged the sculpture.

Pollution is also the villain at the Taj Mahal, where the road traffic in Agra and the smoke from generators and trains is not controlled. A new road would alleviate the problem in addition to gradual cleaning and restoration.

There is not much environmental pollution in the hills of Tibet, but the 14th century

monastic estates are in dan- ger. In addition, the seven-storey manor house at Drach in Tibet has almost been forgotten. Overall, politics has greatly hindered the conservation of Tibet's heritage, while three decades of war and turmoil in Cambodia have almost led to the loss of parts of the Angkor archaeological district.

In Europe, the great church (now mosque) of Hagia Sophia in Istanbul is in need of

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### THE WEEK AHEAD

#### DIVIDEND & INTEREST PAYMENTS

■ TODAY		Low & Bonar 9.8p		Birmingham Mid. Bldg. Soc.		Dairy Farm Int'l. Conv. Cum. Pf. 5.65	
Atos Copco 'A'	SK3	Mazda FRN '91 20.637	Do. 'B'	Do. 'B'	Do. 'B'	Do. Conv. Cum. Pf. (HQ) 5.65	Do. Conv. Cum. Pf. 5.65
Brit. Airways	9.14% Nta. 1997	Pilkington Properties 2.5p	Do. 'C'	Do. 'C'	Do. 'C'	Do. Conv. Cum. Pf. 5.65	Do. Conv. Cum. Pf. 5.65
Brit. Fund 7% Tres.	'01 23.50	Torex 1.2p	City Pacific Fin. Gtd. FRN. '97	51.50.85	Do. 'D'	Globe & Mail 5.21p	Globe & Mail 5.21p
Halifax Bldg. Soc.	7.14% Nta. '98	Trade Indemnity 1.4p	Volvo (AB) SK4	51.50.85	Do. 'E'	Gibson 5.10p	Gibson 5.10p
HSBC Optimum Inc.	Tet. 2.55p	Volvo (AB) SK4	WSP Grp. 1.1p	Domestic & General 12.25p	Do. 'F'	Govt. & Dept. 5.10p	Govt. & Dept. 5.10p
Lewis (John) 10.14% Bds. '06	2.02.50	WSP Grp. 1.1p	ZENECA Grp. 18.75p	Dowding & Mills 1.05p	Do. 'G'	Govt. & Dept. 5.10p	Govt. & Dept. 5.10p
Rank Organisation 8.4194	£4.875	ZENECA Grp. 18.75p	HALOS 8.64% Deb. '18 9.1875	Flowers Grp. 2.6p	Do. 'H'	Govt. & Dept. 5.10p	Govt. & Dept. 5.10p
Statoil Elect. Comm. Victoria Ltd.	Nts. '07 A5121.80	Mercury World Mining 1st 1p	Healthcare Operators Mort. FRN. '97	HALOS 8.64% Deb. '18 9.1875	Do. 'I'	Govt. & Dept. 5.10p	Govt. & Dept. 5.10p
Whitbread 7.14% Unsec. Ln.	1995/9 53.825	Nippon Paper Inds. 6.31% Nta. '98	2021 2210.53	Healthcare Operators Mort. FRN. '97	Do. 'J'	Govt. & Dept. 5.10p	Govt. & Dept. 5.10p
■ TOMORROW		Nottingham Gas Ann. £1.825	Int. Bank for Reconstruction and Development 11.5% Ln. '03 25.75	Int. Bank for Reconstruction and Development 11.5% Ln. '03 25.75	Do. 'K'	Govt. & Dept. 5.10p	Govt. & Dept. 5.10p
Abbey National 14.5p	£4.875	Novo Nordisk AS DK5	New York Mort. Tst. (1983) 1p	INVEESCO Conv. Tst. 2p	Do. 'L'	Govt. & Dept. 5.10p	Govt. & Dept. 5.10p
Brit. Petroleum 4.25	Do. A.D.R. 90.9759	PTS Grp. 4p	Northrop Grumman 11.5% Ln. '03 25.75	Kleinwort Development Fund 1.75p	Do. 'M'	Govt. & Dept. 5.10p	Govt. & Dept. 5.10p
Do. A.D.S. 90.9759	Do. A.D.S. 90.9759	Salvation Fins. Ins. 7.75%	Office of the Compt. of Credit 11.5% Ln. '03 25.75	Monteagle 5.07p	Do. 'N'	Govt. & Dept. 5.10p	Govt. & Dept. 5.10p
Church & Co. 11.5p	Church & Co. 11.5p	Sub. Bds. 1995 3.375	Paragon 11.5% Ln. '03 25.75	Monteagle 5.07p	Do. 'O'	Govt. & Dept. 5.10p	Govt. & Dept. 5.10p
Crane (T) 8.11p	EFT Grp. 1.5p	SKF (AB) Stk. 25	Paragon 11.5% Ln. '03 25.75	Monteagle 5.07p	Do. 'P'	Govt. & Dept. 5.10p	Govt. & Dept. 5.10p
Fidelity Natl. Res. Inv. Tst.	0.54p	Sumitomo Metals Inds. 7.4%	Paragon 11.5% Ln. '03 25.75	Monteagle 5.07p			



## Travel News · Roger Bray

## Passengers take off

If you've been finding it more difficult to get the flight you want in recent weeks, the monthly results from the Association of European Airlines may explain it. March, it says, "was a month of booming traffic and very full aeroplanes".

According to the 25-member association, passenger numbers on European routes rose 10 per cent and aircraft were 63 per cent full on average.

But over the North Atlantic, where traffic rose 1.1 per cent, they were on average 80 per cent full - something not

seen before outside the peak leisure travel months of June-September.

**Warning on Ecuador**  
Violent crime has increased in Ecuador, warns the UK Foreign Office. Visitors should avoid travelling by road at night and pickpockets are a hazard, especially in the steep cobbled streets of Quito's colonial heart.

In addition, travellers with time to spare should not be tempted to take in the view from Cerro Pancecillo to the west of the city. The excellent South American Handbook

without which no-one should venture to the region, has been advising for some time against walking up to the observation platform there, noting that assaults are common.

**Jamaica curbs eased**  
Relaxation of safety restrictions by the US Federal Aviation Administration has allowed Air Jamaica to schedule its new Airbus A310 aircraft on routes to the US and London. The airline was forced to delay their introduction because Jamaica's civil aviation department failed to satisfy the FAA that it was meeting international standards. Now

that the FAA is happy, flights from London start on May 11.

**Crillon cuts a deal**  
The high price of the French franc has prompted a cut-price offer at the Paris Hotel de Crillon. Business travellers needing to spend two nights this month - and able to take their partners - will pay FF 2,900 (\$274) per person including breakfast and a bottle of bubbly. That is a saving of FF 400 on the normal corporate rate.

**RA's smoke signals**  
BA passengers to North America should check whether smoking is allowed, as BA has

just imposed a smoking ban on some flights to 31 US gateways and to seven in the Caribbean. But smokers will still be indulged on some 20 transatlantic services to cities where the airline flies more than once a day.

And smoking will still be permitted on Concorde flights to New York and Barbados. However, more services look likely to become smoke-free - BA is testing customer reaction to a ban on the London-Madras-Singapore run and on flights to South Africa and the Middle East.

**Surf's up at Heathrow**  
Travellers using London Heathrow are now able to surf

the Internet at the business centre between Terminals 1 and 2.

**Developed by travel group**  
Thomas Cook, which operates the centre, the new Net facility offers use of specially designed workstations with access to the World Wide Web, as well as a library of CD-Roms.

It costs £60 a year to be a member of the centre (there are also corporate rates), but non-members can pay a surfing fee.

The centre provides laptop computers and printers, offers video conferencing, and has 15 meeting rooms with E-mail connections and audio-video equipment on request.

## Likely weather in the leading business centres

	Mon	Tue	Wed	Thu	Fri
Tokyo	20	21	22	23	24
Hong Kong	20	21	22	23	24
London	14	15	16	17	18
Frankfurt	17	18	19	20	21
Paris	11	12	13	14	15
Los Angeles	27	28	29	30	31
Barbados	20	21	22	23	24
Paris	17	18	19	20	21
Barbados	20	21	22	23	24

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BRITISH MEDITERRANEAN AIRWAYS

Air travel in Latin America is still risky despite improvements, says Stephen Fidler

## The safety gap

## Latin America: the death toll

● DOMINICAN REPUBLIC
● SALVADOR
● COLOMBIA
● MEXICO
● PERU
● ARGENTINA
● BOLIVIA
● CHILE
● ECUADOR
● PARAGUAY
● URUGUAY
● VENEZUELA
● BOLIVIA
● COLOMBIA
● MEXICO
● PERU
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## OPENINGS

## MUNICH

The centrepiece of this year's Munich Biennale is 'Marco Polo', a new opera by Chinese-American composer Tan Dun (b.1957). Set to a libretto by Paul Griffiths, it will be premiered tomorrow at the Mußhalle. The Biennale also includes contemporary music concerts and discussions.

The Haus der Kunst is showing the Costakis collection of Russian avant-garde paintings (right). This is one of the most extensive collections of work by Chagall, Popova, Malevich and other early 20th century Russian artists. The exhibition opens on Friday, and runs in tandem with a retrospective of the German Impressionist painter Lovis Corinth.

## BARCELONA

Futurism – one of the most daring and polemical movements of the early 20th century – explored the impact on art, or movement, energy, mechanical rhythms and manufactured materials. An exhibition opening on Friday at the Museu Picasso includes a wide range of paintings, drawings and documents relating to the movement.

## AMSTERDAM

Over the next four years, the Van Gogh Museum plans to exhibit its entire collection of Vincent van Gogh's drawings. The first exhibition, opening on Friday, covers the years 1880-1883, when Van Gogh developed from a hesitant beginner to a confident and imaginative draughtsman. Being sensitive to light, the drawings are rarely exhibited, so this is a unique opportunity to see and compare all the works from a specific period.

## ARTS

## LONDON

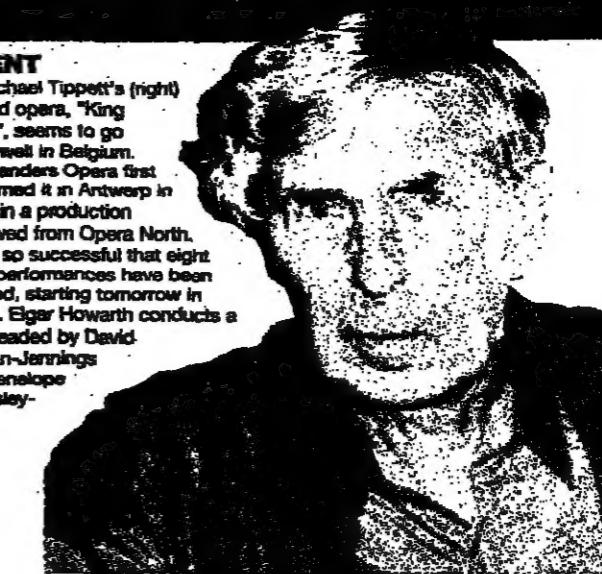
The Victoria and Albert Museum is marking the centenary of the death of the influential British designer William Morris (third from right, with his family) and the Burmese-Jones family with a survey of his life and work. Morris's extraordinary versatility can be traced through more than 300 works of art, ranging from embroidery, tapestry, ceramics and stained glass right to paintings and furniture. The exhibition opens on Thursday and is sponsored by Pearson, owner of the Financial Times.



The latest production by Peter Hall as 'Wind and Water' opens tomorrow at the Haymarket Theatre and stars Felicity Kendal. Meanwhile, Hall's staging of Oscar Wilde's 'An Ideal Husband' transfers this week to the Old Vic, with a new cast. The previous cast will take the production to New York.

## Ghent

Sir Michael Tippett's (right) second opera, 'King Pham', seems to go down well in Belgium. The Flanders Opera first performed it in Antwerp in 1992, in a production borrowed from Opera North. It was so successful that eight more performances have been planned, starting tomorrow in Ghent. Eiger Howarth conducts a cast headed by David Patman-Jennings and Penelope Walmley-Cook.



## Anastasia reborn

Clement Crisp hails a revival of MacMillan's masterpiece

**A**nastasia was a ballet close to Kenneth MacMillan's heart – and to his psyche. The 1971 Covent Garden production was his second full-length ballet. His *Romeo* of 1965 was a conventional three-acter, its narrative sustained by Prokofiev's realisation of Shakespeare. With *Anastasia*, MacMillan turned away from convention. Here was a ballet inspired not by literature but by history, by the tragedy of a woman still living. Anna Anderson claimed she was the Grand Duchess Anastasia, escaped from the Bolshevik massacre of the Russian Imperial family.

MacMillan's concern to bring emotional authenticity into the ballet theatre, to break the Petipa mould after a century of dance-as-unreality, found its first expression in *Anastasia* and the portrait of the Romanov court in its last days. It presaged his more assured treatment of a similar theme (an extraordinary family in extraordinary circumstances) in *Mayerling* seven years later. In *Anastasia*, as in *Mayerling* and so many others of his ballets, MacMillan looked at a recurrent theme of his creativity: a personality isolated, at odds with the world.

*Anastasia's* genesis is well-known. Director of the ballet at the Deutsche Oper in West Berlin from 1966 to 1969, MacMillan was in several ways a man cut off from the world around him. Berlin was even a city isolated in an inimical setting. MacMillan had a chosen few colleagues with him, including his favoured ballerina Lynn Seymour, and it was for her that he made a one-act *Anastasia*, which studied the anguish of a woman who finds herself in a Berlin hospital, uncertain of her identity, and gradually – through the terrors of memory – asserting that she is the miraculously survived Anastasia. (In the ballet, the woman's first steps are to tread along the lines of the floorboards in her room: these are her only reality.)

This production was a triumph of expressionist dance, a triumph for Seymour. Her portrait of Anna Anderson, fleeing through nightmarish scenes, was for me the greatest thing this great artist ever did. Returned to London in 1970 to become director of the Royal Ballet, MacMillan's first major creation for his company (and for Seymour) was the expanded *Anastasia* of 1971. To explain Anna Anderson, to identify the woman whom she thought she was, MacMillan showed the child Grand Duchess with her family in Act 1, surrounded by love, by the fears



Viviana Durante: touching and fragile as Anna/Anastasia

True then, these words remain so now, with the restoration of *Anastasia* to the Royal Ballet repertory after 18 years. MacMillan had long contemplated bringing the piece back, but with the editing which he knew was needed – slight cuts in the Tchaikovsky score which would avoid those longueurs and repetitions which he was obliged to make for the music's sake. His widow, Deborah MacMillan, and the ballet's director, Anthony Dowell, knew what was intended with the collaboration of Monica Parker, MacMillan's notator, and of Lynn Seymour as coach, a revised text was shown to us on Thursday when *Anastasia* returned to the stage.

It is a ballet I loved in its original, and watched constantly. I salute this new version, which differs only in the smallest detail through welcome and skilled musical editing by Barry Wordsworth, as a triumphant restoration of a tremendous ballet. (The one extended cut is of the fugue at the end of the first act: it is wholly beneficial.) The staging honours MacMillan's intentions absolutely.

It shows off the Royal Ballet as a strong, sensitive ensemble – as did the first production. The significant change comes with the new design from Bob Crowley (who worked with MacMillan on *Carrousel* at the National Theatre). The first act now takes place on the Imperial yacht, instead of on the Baltic coast, catching exactly the world we see in the film of the Tsar and his family which features in Anna Anderson's memories. The ballroom setting is placed against a structure suggestive of the Winter Palace. The third act is a grey box with invisible doors, which exists as background throughout the ballet, a foreshadowing of Anna's mind, and is superbly right. Costuming is admirable, glamorous for the court; beautiful and simple for the women of the imperial family. An admirer of Barry Kay's work, I find Crowley's work no less convincing.

There will be time to discuss this staging and the fine quality of the ensemble after further viewings. In the first night cast, Viviana

drawn from the museum's collection, traces the evolution of Feininger's themes and style. The display includes cartoons, sketches, drawings, paintings, prints, photographs, letters, and ephemera; to May 12

## CAPE TOWN

**CONCERT**  
Teatro Hall Tel: 27-21-4617084  
● The Cape Town Symphony Orchestra: with conductor David Tidball and viola-player Jürgen Schwietzler perform works by R. Schumann, Walton and Beethoven; 8pm; May 9

**FLORENCE**  
OPERA  
Teatro Comunale  
Tel: 39-55-211158  
● Elektra: by R. Strauss. Conducted by Claudio Abbado and performed by the Berliner Philharmoniker and the Coro del Maggio Musicale Fiorentino. Soloists include Deborah Polaski, Marjana Lipovsek, Karita Mattila, Reiner Goldberg and Ferruccio Furlanetto; 8.30pm; May 8

**CAMBRIDGE (US)**  
CONCERT  
Busch Reisinger Museum  
Tel: 1-617-495-9400  
● Lyonel Feininger in Germany: 1887-1937: the American artist Lyonel Feininger lived most of his life in Germany, first travelling there when he was 16 years old to study violin and remaining as a successful artist until after the Nazis came to power. The exhibition, primarily

● Helsinki Ballet: perform the choreographies Etudes by Lander, Forgotten Land by Kylian and The Second Detail by Forsythe; 7pm; May 8

## INDIANAPOLIS

**CONCERT**  
Warren Performing Arts Center  
Tel: 317-227-8061  
● Indianapolis Symphony Orchestra: with conductor David Tidball and viola-player Jürgen Schwietzler perform works by R. Schumann, Walton and Beethoven; 8pm; May 9

## LONDON

**DANCE**  
Royal Opera House – Covent Garden Tel: 44-171-2129234  
● Anastasia: a choreography by Kenneth MacMillan to music by Tchaikovsky and Martinu, performed by the Royal Ballet. Soloists include Debora Polaski, Marjana Lipovsek, Karita Mattila, Reiner Goldberg and Ferruccio Furlanetto; 7.30pm; May 7

**POP-MUSIC**  
Wembley Stadium, Arena and Congress Centre Tel: 44-181-9001234  
● Lou Reed: performance by the American singer/guitarist; 7.30pm; May 8

**THEATRE**  
Berolican Theatre  
Tel: 44-171-368891  
● Romeo and Juliet: by Shakespeare. Directed by Adrian Noble and performed by the Royal Shakespeare Company. The cast includes Christopher Benjamin, Susan Brown, Julian Glover and

Michael Gould; 7.15pm; May 7, 8, 9 (also 2pm)

## MILAN

**DANCE**  
Teatro alla Scala di Milano  
Tel: 39-2-72003744

● Giselle: a choreography by Barbi Coralli/Perron to music by Adami, performed by the Corpo di Ballo del Teatro alla Scala; 8pm; May 9, 11 (also 2.30pm)

Teatro Carcano Tel: 39-2-55181377

● Highland Flings: a choreography by Matthew Bourne, performed by Adventures in Motion Picture. Soloists include Scott Amber, Maxine Fone, Emily Piercy, Andrew George and Rosemary Allen. Part of the Milano Festival; 8pm, Sun 3.30pm; from May 7 to May 12

## MUNICH

**EXHIBITION**  
Villa Stuck Tel: 49-89-4555510

● Franz von Stuck und die Photographie. Inszenierung und Dokumentation: this exhibition focuses on the photographic studies made by Franz von Stuck in preparation of his paintings. The display includes some 300 original photographs made by Von Stuck between 1889 and 1925; from May 9 to Jul 7

## NEW YORK

**AUCTION**  
Christie's, Manson & Woods International, Inc.

Tel: 1-212-546-1000  
● Contemporary Art: highlights of the sale include the abstract expressionist paintings "Mailbox" by

Willem de Kooning and "Something of the Past" by Jackson Pollock, which are on sale on May 7. The sale on May 8 features 113 works from the estate of Henry Geldzahler, including works by David Hockney and Francesco Clemente; 7pm; May 8 (10am & 2.30pm)

## PARIS

**OPERA**  
L'Opéra de Paris Bastille

Tel: 33-1-44 73 13 99  
● Tosca: by Puccini. Conducted by Silvio Varviso and performed by the Opéra National de Paris. Soloists include Maria Guleghina and Alfredo Porte; 7.30pm; May 7, 12

● San Francisco

**CONCERT**  
Herbst Theater Tel: 1-415-388-8499

● Thomas Hampson: accompanied by pianist Craig Rutenberg. The baritone performs songs by R. Schumann and Mahler; 8pm; May 7

## VIENNA

**CONCERT**  
Musikverein Tel: 43-1-505881

● Arnold Schoenberg Chor with conductor Erwin Ortner perform works by Brahms and Urbaner; 7.30pm; May 8

**NEW YORK**

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## Conductor to watch

D

aniel Harding is 21 this year and tipped as the brightest young British conductor. A protege of Simon Rattle, Harding made his professional debut two years ago conducting the City of Birmingham Symphony Orchestra in Bartók's *Miraculous Mandarin Suite*. On Thursday, at London's Barbican Hall, this savage and thrilling score ended his concert with the London Symphony Orchestra, and he certainly swept the orchestra through an electrifying performance.

Harding is quite tiny in stature and compensates with enormous, all-embracing gestures. In 50 years' time, perhaps, he will no longer feel he needs to. Opening the concert with Britten's *Variations on a Theme of Frank Bridge*, which launched the composer's international reputation when he was not much older than the conductor, Harding's energising movements seemed just a bit superfluous to the music's knowing swagger, though the sound from the LSO's large body of strings was huge and much glossier than the Boyd Neel Orchestra can have sounded in 1937.

The concert was dedicated to the memory of the leading Japanese composer, Toru Takemitsu, who

died in February at the age of 65. John Williams was the soloist in *To the Edge of Dream*, written for the International Guitar Festival of Lige in 1983.

The music is a characteristically aqueous, delicate pastel-coloured creation, with the guitar paddling about contentedly while the orchestra swoons and sighs. Its intimate, hallucinatory quality was rather spoilt by the unnecessarily loud amplification of the solo part. Takemitsu never made his listeners feel uncomfortable, on the contrary; yet if he rarely challenged them, at least he was a sincere hedonist, and he kept clear of the fleshiness of some of his compatriots.

The other concerto-like work in which John Williams appeared was neither flashy nor very personal. Richard Harvey's *Concerto Antico* for guitar and small orchestra took the form of a suite in five movements, drawing in a very mild and modified manner on the styles of Renaissance dances. The aim was avowedly to give pleasure, but although well-written, the music was so anodyne one longed for other distractions.

Adrian Jack

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10.00 European Money Wheel

18.00 Financial Times Business Tonight

## INTERNATIONAL ARTS GUIDE

## AMSTERDAM

**CONCERT**  
Concertgebouw  
Tel: 31-20-5730573

● Radu Lupu: the pianist performs works by Beethoven and Schubert; 8.15pm; May 7

## ANTWERP

**CONCERT**  
De Singel Tel: 32-3-2483800

● Symfonie-Orkest van de Munt: with conductor Antonio Pappano and soprano Anja Silja perform Schoenberg's *Erwartung*, Op.17 and *Kurzweile Nacht*, Op.4; 8pm; May 8

## BERLIN

**CONCERT**  
Philharmonie & Kammermusiksaal  
Tel: 49-30-2614383

● Wiener Philharmoniker: with conductor Riccardo Muti perform works by Mozart and Bruckner; 8pm; May 7

**DANCE**  
Staatsoper unter den Linden  
Tel: 49-30-2082861

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Busch Reisinger Museum  
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## COMMENT &amp; ANALYSIS



Michael Prowse · America

## Free from royals

Remnants of a feudal past seem harmless but constitutional arrangements affect the tone and character of a society

One of the attractions of the US is the absence of a royal family. Americans irritated by the antics of Bill and Hillary Clinton have the consolation of knowing the first family will be back in Arkansas by 2001 at the latest, and possibly much sooner. The British are stuck with the Windsors for the indefinite future.

The royal family is merely the most visible symbol of an archaic constitution. The Queen stands at the apex of a large aristocracy. Her loyal subjects must put up not just with her ill-disciplined family but with hundreds of lesser grandees: dukes and duchesses, earls and countesses, lords and ladies.

The people are graciously permitted to vote for members of the House of Commons. But they still have no say in the composition of the House of Lords, in which hereditary peers, along with assorted bishops and political appointees, still pontificate on the nation's problems.

These remnants of a feudal past may seem harmless enough. Unlike Mr Clinton, the Queen has little real power except, perhaps, to choose a prime minister in a hung parliament. The House of Lords is largely for show, having only a limited ability to delay legislation. The monarchy and aristocracy help to boost tourist revenues and provide harmless sport for the tabloids. Why waste time on these quaint superficialities when the nation faces genuine problems, such as high unemployment and low educational standards?

It is true that people would gain more in the short run from a lower jobless rate than from the abolition of the monarchy. But, having lived in the US, I believe constitutional arrangements do matter because they affect the character and tone of a society. They affect the way people think of themselves and interact with others. It is impossible – and undesirable – to try to guarantee people equal incomes or wealth: these must

depend on effort and talent.

But, on the eve of the 21st century, people ought to be accorded equal dignity and an modicum of luck can still take you almost anywhere.

This gulf in attitudes and opportunities reflects differences in the emphasis placed on market forces as opposed to status and tradition in the US and UK. Many people – especially leftwingers – remain suspicious of markets, regarding them as a mechanism by which the rich oppress the poor. But, in reality, nothing promotes social mobility faster than free markets. What matters in market exchange is the ability of participants to perform specific tasks today: school, class and family background are strictly irrelevant. But in societies that suppress market mechanisms, everything depends on status and rank: on who you are and on whom you know.

In the 1980s the Thatcher government began to modernise British social life by deregulating the economy and encouraging entrepreneurship. Unfortunately, Mrs Thatcher lost power before dealing with the most hidebound sectors such as the legal system. But, for obvious reasons, the Tories were not able to tackle directly the class distinctions that have their origin in the feudal divi-

nation becomes ever more diverse. Energy, ambition and a modicum of luck can still take you almost anywhere.

Judging from opinion polls, Mr Tony Blair's Labour party will form the next UK government. If so, rather than trying to reverse the economic advances of the 1980s, it should try to complement them with long overdue constitutional reforms.

The UK would undoubtedly be a healthier society if it could agree to abolish the monarchy (and all lesser titles) and replace the House of Lords with an elected assembly.

At some point, the British people must learn to regard themselves as citizens rather than subjects. They must learn that no family is intrinsically more deserving of respect than any other and that nothing should be determined by the mere accident of birth.

Unfortunately, the likelihood that Labour would have the nerve to press for radical reform is slim. Privileges are hard to dismantle because people are bought off so easily: look at how readily left-wing Labour supporters accept life peerages. Nor do I favour dictatorial measures: if dukes, earls and knights are childlike enough to get pleasure from their titles, perhaps they should be allowed to keep them. But, if so, Labour should at least press for the democratisation of titles. Pass a simple law allowing anyone to register any title that pleases him or her, and insist that new title-holders should not be discriminated against.

Imagine the fun. Within a few years we might have a hundred Dukes of Westminster and a thousand Earls of Surrey. I might even put in for a modest title myself: emperor of somewhere.

As the number of titles multiplied, their intrinsic absurdity would become obvious. And then, perhaps, the silly practice might be abandoned. This would not extinguish class distinctions overnight, but it would be a step in the right direction.



Heads of state: US voters know that Bill Clinton will be gone by 2001 at the latest, but Britons are stuck with the Windsors

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## LETTERS TO THE EDITOR

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## Little common sense in denying women jobs in favour of young men

A monopoly ruling should apply to all

From Mr Simon Bullimore.

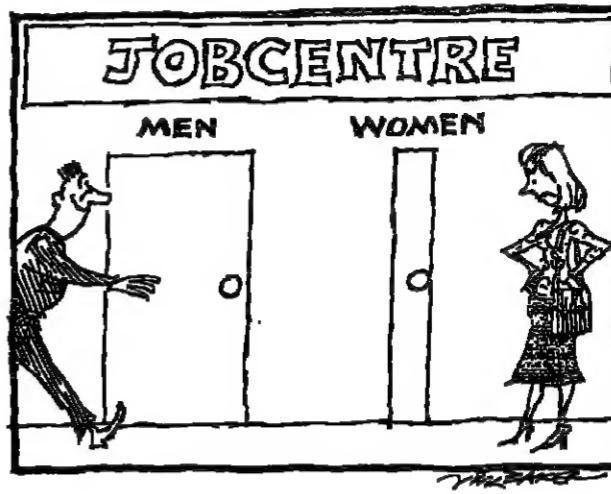
Sir, Your editorial "Shockwave for the MMC" (April 25) makes the well-founded point that Monopolies and Mergers Commission panels should recognise precedents, but so too should businesses. Recent investigations into ice-cream are a case in point.

In 1979 the Monopolies and Mergers Commission found distribution exclusivity operated against the public interest and the Department of Trade and Industry received undertakings from the one company – Glacier Lyons Maid – which operated this system. In the 1980s Lyons Maid's main competitor – Birds Eye Walk – introduced distribution exclusivity knowing that it had already been prohibited for one of its competitors.

In the 1994 MMC report on ice-cream, the commission did not consider this issue and was therefore unable to apply the precedent. Yet another investigation by the Office of Fair Trading is now under way, and a further reference to the MMC will be required for the precedent to be applied.

Is it not now time to amend the Fair Trading Act to ensure that prohibitions imposed on one company should normally apply to any other company with, say, more than 25 per cent market share engaging in equivalent practices?

Simon Bullimore,  
UK managing director,  
Mars Confectionery,  
Dundee Road, Slough, UK



the environment. Second, National Lottery funds should be properly channelled to create jobs in the volunteer sector and in the care sector, which are both growth areas.

In addition, while the prevailing orthodoxy is that training does not create jobs, disadvantaged young men will not be taken on by employers if they lack basic skills. There needs to be an extensive training programme in this area linked with guidance and support and, where appropriate, temporary accommodation; a programme that used to be given to apprentices and trainees in the now defunct nationalised industries. Such measures would show that we were prepared to invest properly in the young, tomorrow's workforce.

Don Macdonald,  
chief executive,  
Foyer Federation for Youth,  
91 Brick Lane,  
London E1 6QN, UK

From Mr S. Rao.

5 Maresfield Gardens,  
London NW3 5SJ, UK

From Mr B. Rustichynskyi.

Sir, "He who cries sheep..." Would Martin Wolf care to comment?

A male/female employment ratio approaching 1:1 in a mature economy indicates no bias and equal employment opportunities, as supported by the article's figures.

Should discrimination be applied to shift employment ratios in favour of ill-equipped and poorly educated men – the "unskilled" to use his reference?

Logically the enlargement of an unskilled, uneducated male sector in the workforce will radically improve the prosperity and economy of the UK as a whole.

Perhaps Wolf advocates "the dfferent the workforce the better".

B. Rustichynskyi,  
director,  
ADM,  
Paragon Industrial Units,  
Smithybridge Road,  
Littleborough,  
Lancashire OL15 8QF, UK

From Ms Anne Rusing.

Sir, Single, white, female – am I to become a dangerous criminal to be further entitled to salaried work? Or is salaried full-time motherhood on Martin Wolf's well-hidden agenda?

Anne Rusing,  
Bolstraat 87,  
NL-2585 XP, The Hague,  
The Netherlands

From S.K. Rao.

Sir, Martin Wolf has a good diagnosis but an appalling solution. The growth of women's employment has brought many benefits – a greater sense of equality, a redefinition of the gender relationship at home. In any case, why should women suffer in order to promote security for the well-off?

Wolf, however, is absolutely right that a way must be found

that "More jobs for the boys" hides a truth in much the same way as women wearing short skirts are to blame for being raped; men cannot reasonably be expected to take responsibility for their violence. Upon such Swallow tenets should our sister society be devised.

Johanna Ryan,  
31 Donaldson Road,  
London NW6 6NE, UK

From Ms Johanna Ryan.

Sir, I agree with Martin Wolf that "More jobs for the boys" brings a truth in much the same way as women wearing short skirts are to blame for being raped; men cannot reasonably be expected to take responsibility for their violence. Upon such Swallow tenets should our sister society be devised.

Johanna Ryan,  
31 Donaldson Road,  
London NW6 6NE, UK

## If it's a howler, many are guilty of it

From Mr Roger Bootle.

Sir, In his review of my book *The Death of Inflation* (April 18), Sir Samuel Brittan accused me of "a howler". My supposed mistake was to say that changes to particular prices, emanating from technological or competitive factors, can have an effect on the general price level. But if this is a howler, it is one of which some of the greatest names in the subject have been guilty.

The sharp rises in oil prices in 1973 and 1979 and the near-doubling of VAT in 1979 are perfect examples. According to monetarist dogma, those were simply increases in particular prices with no significance for the overall price level. Other prices would fail to compensate. But in practice they did not.

Reconciling such price behaviour with monetary theory involves recognising that demand for money may be variable and the supply of money is not a datum. Indeed, because it is a function of

credit demand, it may directly respond to factors emanating from the real economy. Saying that this can happen is not the same as saying that it always happens. This has to be argued out with regard to particular circumstances.

But after the experience of the past 15 years you would have thought that Sir Samuel would have recognised that the textbook notion of rigidly fixed money supply confronting a stable demand for money is, to put it mildly, somewhat adrift of reality.

Of course, even where a general movement in the price level is set off by particularly large price changes (such as the oil price increases) there is then the question of whether the monetary authorities adequately resist the inflationary pressure or give in to it.

This is often discussed in terms of whether the authorities will "print enough money to finance it" or whether the inflation will be

brought to an end by a shortage of money. But in 1975 an upsurge of inflation was successfully resisted by 17 per cent interest rates even though sterling M3 continued rising rapidly. Inflation was reduced not by a shortage of money, but by the effect of high interest rates and an over-valued exchange rate.

The achievement of low inflation clearly requires that the monetary authorities target some nominal variable, but it does not have to be "the money supply". Even Sir Samuel's hardly personal Money CDP, might conceivably do the job adequately.

But on this aspect of the issue, I suspect that Sir Samuel Brittan is closer to my position than the curmudgeonly tone of his review suggested.

Roger Bootle,  
group chief economist,  
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Thames Exchange,  
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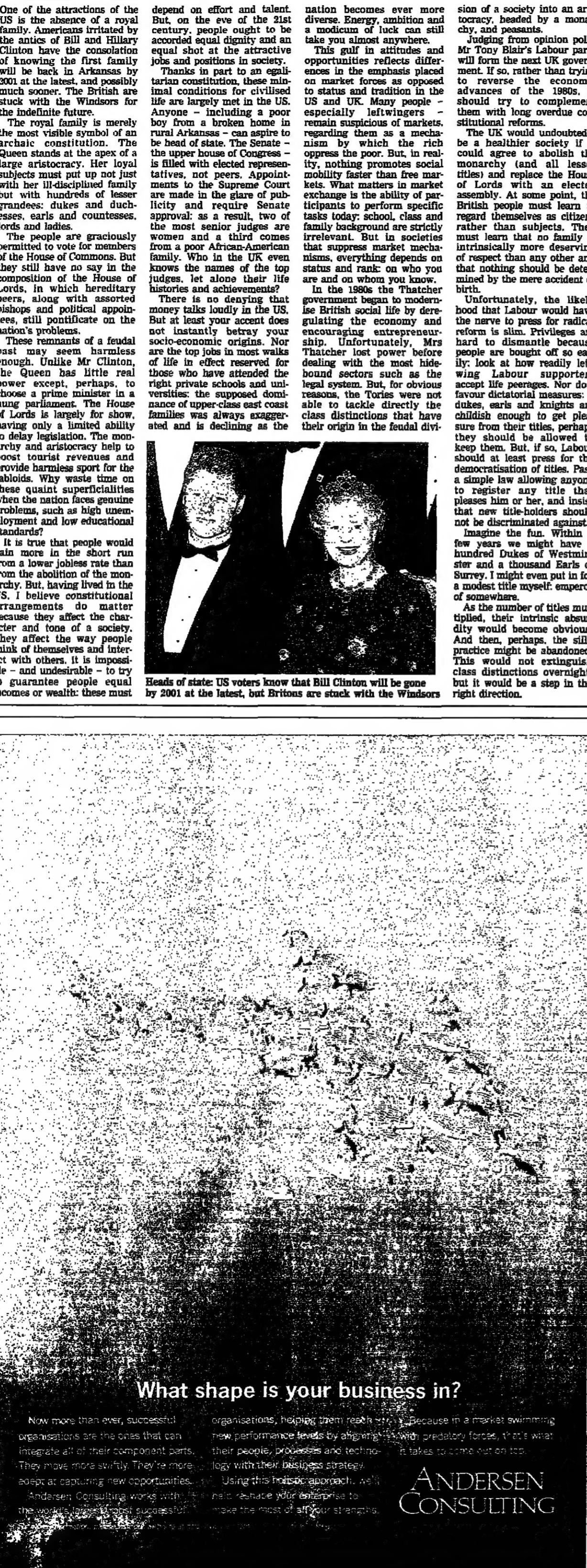
## Pointer to the boring option

From Mr G. P. H. Swallow.

Sir, The technological advance in advertising which was reported in the article "TV viewers urged to take control in DIY advertising" (May 1) is exciting news indeed.

One hopes that the advertisers will indicate which of the choices is the boring option in order to help those of us who would find a fish tank more interesting in the advert.

G. P. H. Swallow,  
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## COMMENT &amp; ANALYSIS

## FINANCIAL TIMES

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Monday May 6 1996

## Dayton in danger

The fate of the Dayton peace accords hangs in the balance. So said former US Senator George Mitchell, Bill Clinton's peace-maker extraordinary (and some say) his next secretary of state, at a press conference in Sarajevo on Saturday.

Mr Mitchell is right. The UN-led Implementation Force (Ifor) has been putting itself on the back because the military provisions of the accords have been implemented more or less on schedule. That is, the fighting has stopped and the forces of the three parties - Bosnian government, Bosnian Croats, Bosnian Serbs - have withdrawn behind the agreed lines. But that was far from being the whole of the agreement.

On paper at least, the "fundamental objective of Dayton" was, as Mr Mitchell says, "the peaceful reintegration of Bosnia and Herzegovina as a multi-ethnic society". Refugees were to go home. Freedom of movement, and of expression, were to be re-established throughout Bosnia in preparation for elections, to be held in late August or early September.

## Maintaining order

This is not happening. Refugees are not being allowed to return to their homes, or even to visit the graves of their relatives. In some cases they are stopped not by local militia but by Ifor itself. Ifor is rightly anxious to forestall outbreaks of violence. Yet by doing this, it has taken responsibility for the maintenance of order.

Admiral Leighton Smith, Ifor's commander, is determined to avoid crossing the "Mogadishu line" which separates peacekeeping from law enforcement. (The line is so named after the fiasco of 1993, when US troops were humiliated by a Somali warlord.) His men, the admiral keeps saying, are not in Bosnia to undertake police work. That is supposed to be the job of an international police task force, under the authority of the UN (cast, as usual, in the role of scapegoat).

The truth is, however, that the Ifor has neither the men nor the mandate to do the policing itself. It is there to advise and help train the local police forces, which remain firmly under the control of

## Reforming the National Lottery

The saddest commentary on the present government is that Mr John Major is said to regard the National Lottery as one of his foremost achievements. Perhaps mass escapism is his best chance of re-election. But it should not disguise from more sober souls the case for reform to make the lottery more democratic and less harmful to the interests of the less well-off who are its principal patrons.

Governments cannot ban adult gambling in a free society, and little is to be gained from the attempt. Like drinking and smoking, gambling is an age-old practice providing many people with great pleasure. The ill effects of indulging to excess must be left largely to individuals and families to address for themselves.

It is a radically different proposition to throw the full weight of the state behind encouraging a practice producing social evils - which is the net effect of creating the National Lottery as a state monopoly, complete with a weekly prime-time draw on BBC television. But this pass has been sold, for a while at least. With two-thirds of the population regularly participating, it is pointless now to call for the lottery's abolition.

**Disguising the facts**  
However, the disinformation about the supposedly benign social effects of the lottery, put about by Camelot and the Department of National Heritage, is breathtaking and should not go unchallenged. For all their attempts at disguising the facts and recent social research three things are clear.

First, participation - both in terms of numbers playing and share of income spent - is heavily skewed towards lower-income households, many of whom can ill afford the expenditure. Second, the £1bn-plus spent so far on so-called "good causes" is sharply slanted towards the south-east in general and London's elite cultural institutions in particular. Third, punters have little idea where the half of their betting outlay not returned in prize money goes, and no say whatever in the spending on "good causes".

The second and third aspects are the most easily rectified. The

**S**ix years after it was approved by the US Congress as part of the Clean Air Act, trading in permits allowing companies to pollute has cut sulphur dioxide emissions in the US faster and more cheaply than ever expected.

Now the architects of pollution trading in Chicago have ambitions to extend the business to a wider range of polluting substances. And supporters are advocating an international trading system for permits to release carbon dioxide - the best-known man-made cause of global warming - into the atmosphere.

Critics may say it is immoral to give companies an explicit right to pollute. But Mr Richard Sandor, a former vice-president of the Chicago Board of Trade (CBOT), who launched sulphur dioxide trading, argues it injects pragmatism into environmental protection. "It's time to take the environment out of the warm, fuzzy area," he says. "You can't just say 'I want to save all the dolphins in the world'. You've got to work out how to solve problems in the most cost-effective way."

The way the sulphur dioxide "allowance" system works is simple. The Environmental Protection Agency, a federal agency, issues permits to release the amount of pollution allowed by the Clean Air Act. Most are allocated to power companies but a small number are auctioned once a year by the CBOT to set a price for them. If plant A gets permits to emit 150,000 tonnes of sulphur dioxide but wants to emit 125,000 tonnes, it must purchase an extra 5,000 allowances (each worth a tonne of sulphur dioxide) - or pay a fine far exceeding the price of the permits.

But if the plant is able to cut its emissions further than required, it has surplus allowances. It can either sell the surplus to another plant, or save it for future years.

Trading has two main advantages over traditional environmental regulation. It gives companies a financial incentive to reduce emissions for less than it would cost to buy permits. And, by leaving it to companies to decide how and when to reduce emissions, it reduces not just the cost of compliance but the bureaucracy required to enforce environmental legislation. The EPA reckons emission reduction through trading has so far cost US industry just \$2.5bn - half as much it would have cost under the EPA's traditional regulatory system.

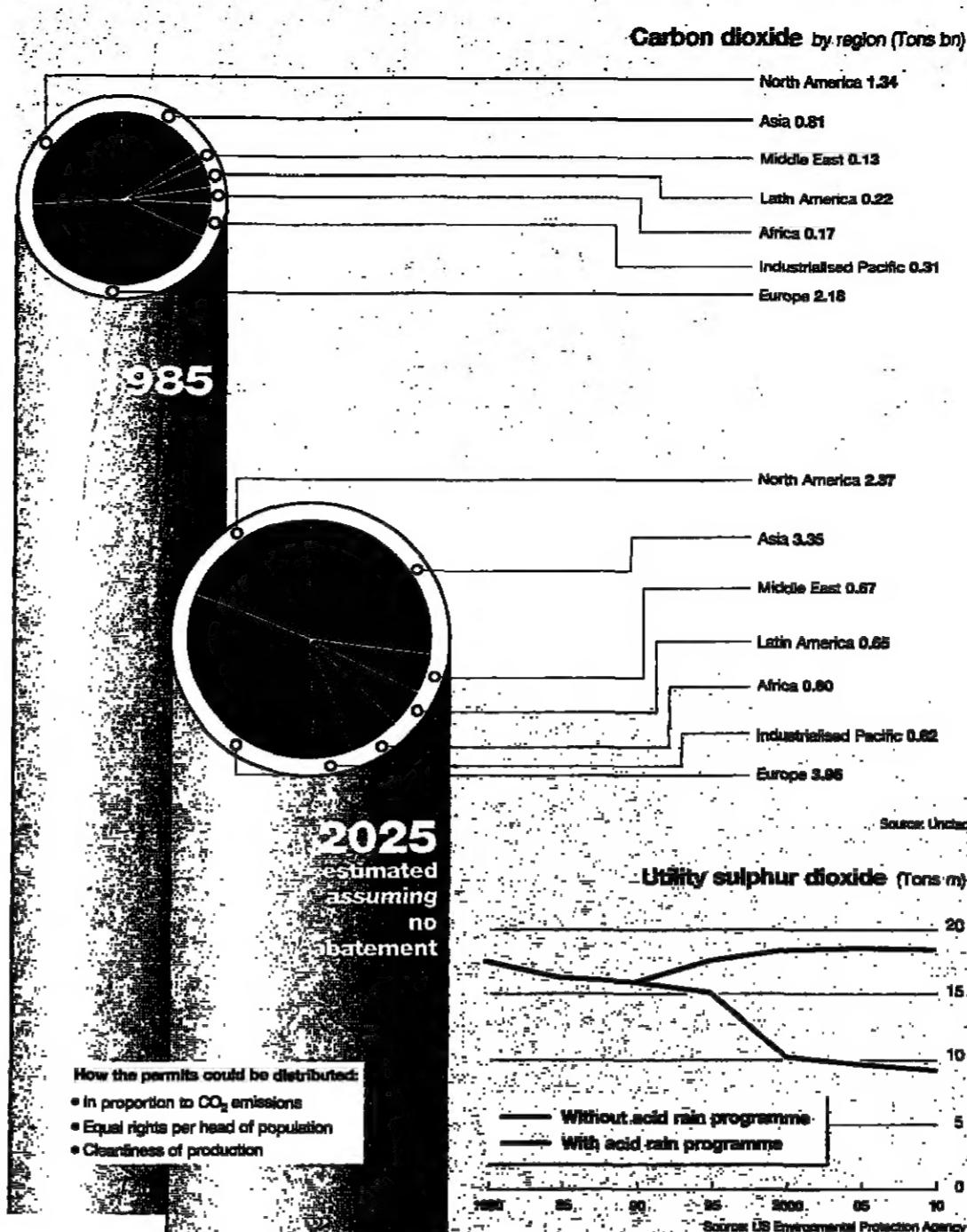
The scheme has certainly worked: the US's 110 most polluting power plants spewed out only 5.3m tonnes of sulphur dioxide last year, well below a government ceiling of 8.7m tonnes - prompting some environmentalists to say the targets were too lax. The ultimate aim of the programme, by progressively reducing the number of permits distributed to industry, is to cut sulphur dioxide emissions to half their 1980 level by 2010.

Its success has inspired the EPA to consider extending trading to oxides of nitrogen, toxic substances such as mercury, and possibly even particulate dust emitted by long-distance haulage trucks.

Mr Joseph Goffman of the Environmental Defence Fund, a US environmentalist group, says the only obstacle to wider use of trading is that politicians may be reluctant to set targets and then cede control of how these targets are achieved. "For the first time it says 'we don't care how you reach environmental protection targets,'" he explains.

Other countries have been slow to follow the US example. But there is increasing international support for the US view that international per-

## Emissions: the case for curbing air pollution



mit trading could tackle climate change. "In the US, the principle of cost-effectiveness is well understood, but in Europe it is the regulatory pain that is important," says Mr Frank Joshua, of the United Nations Conference on Trade and Development (UNCTAD), which backs the idea.

In practice, sulphur dioxide emissions need to be supplemented by local controls to avoid concentrated

pockets of pollution. But trading would be perfect for carbon dioxide emissions, which occur everywhere and have no local side-effects.

The International Panel on Climate Change, the body charged by governments with investigating global warming, recently described trading as the most "promising" of the ways it had considered for tackling climate change.

Mr Michael Grubb of the Royal

Institute of International Affairs, the London-based think tank, and a member of the IPCC, believes trading could break the international impasse on fighting global warming. Western nations are committed to agreeing national targets for reducing carbon dioxide emissions. But they are divided over how to do it. The European Union has toyed with the idea of a carbon tax. The US, however,

rejects the idea of new taxation.

International trading of carbon dioxide permits, distributed to countries and companies, would achieve reductions as cheaply and as flexibly as possible. This is illustrated by a simple example which supposes there are just two countries in the world, each producing 100 tonnes of carbon dioxide a year, and the global target is to reduce total emissions to 100 tonnes from 200 tonnes.

Suppose abatement costs in country A are \$6 per tonne of carbon dioxide and \$10 per tonne for country B. If each country reduced its output by 50 tonnes, the cost would be \$300 plus \$500 = \$800.

But through trading, the two countries could vary their emissions, providing the total did not exceed 100 tonnes. They could trade emission permits so that country A cut output to 25 tonnes and country B to 75 tonnes. In this case the abatement cost would be \$450 plus \$250 = \$700.

**T**rading is already US industry's favourite option because of its flexibility. Mr Mike Shields of Detroit Edison, the US electricity producer, says sulphur dioxide trading has shown industry it can "get reductions faster and at lower cost than expected". And the concept is catching on elsewhere. Mr David Porter, chief executive of the UK's Association of Electricity Producers, is trying to interest his members in the idea for controlling carbon dioxide emissions from power stations. "The usual cry is for taxes on customers to discourage them from using electricity," he says. "That is like trying to control the problem from the end of a very long rope and there is no guarantee that it would exert the necessary pull."

Finally, trading could prove the best mechanism for drawing developing countries into the fight against global warming without asking them to sacrifice their right to economic development.

UNCTAD, which set up to help Third World countries obtain better access to world markets, says trading could be designed initially to give developing countries a surplus of permits and developed nations a deficit. By enabling Germany to buy extra permits from Guatemala for cash or more efficient technology, such a system could help developing countries curb emissions while reducing the overall cost of abatement.

Mr Joshua admits that a challenge for a body such as UNCTAD, which is promoting trading as part of its search for a new role, is persuading developing nations this is not designed "to let rich countries off the hook". It is working with Mr Sandor, the former Chicago Board of Trade official who now designs financial products, to raise finance for a pilot project to work through the practical difficulties.

UNCTAD report outlines possible criteria for allocating the permits among countries. It also suggests that an international trading system could be organised by a special UN agency, but run similarly to a self-regulating commodity market, with policing by the UN body, the private sector, and governments.

Although it is likely to be well into the next century before such a system is established, Mr Sandor isundaunted by the prospect: it took him seven years to establish interest rate futures in Europe. He believes it is only a matter of time before carbon dioxide permits become as familiar on international trading floors as D-Mark futures.

*Financial Times*

## 100 years ago

President Kruger's speech Pretoria 4th May. The Voortrekker was opened this afternoon with the usual official ceremony. President Kruger said in his speech: "Hope is expressed that a meeting with representatives of the Orange Free State, to discuss the question of a closer union between the two countries, will be held soon." The speech declares that the mining industry is prosperous, and that the labour question presents a bright aspect. The financial condition of the Republic is sound.

## 50 years ago

The Swedish economy There is much within this Scandinavian country which makes conditions seem a paradise compared with those under which we in Britain have to live. Food is plentiful: consumers' goods, with the possible exception of textiles, are abundant. And petrol is off the ration. As everywhere else in Europe, however, coal is very scarce. This is one of Sweden's two major problems. The other is how to keep our wealth. The greatest anxiety of the Swedes today is that their standard of living will be forced down as a result of trade competition with less fortunate countries.

## An innovation gets airborne

**T**he skyscraper of the Chicago Board of Trade is crowned by a statue of Ceres, the Roman goddess of corn, symbolising the first commodity traded on the exchange in 1851. The polluted air around the statue is the latest commodity to be pioneered by a market which prides itself on innovation.

At the annual spring auction of spot and forward permits held by the board of trade, the price of a single "allowance" for power plants to emit a tonne of sulphur dioxide tumbled a month ago to \$68 from \$132 a year before - compared to the \$1,500 envisaged when trad-

ing was launched in 1983. Regular trading takes place over the counter the rest of the year.

Architects say that far from demonstrating a failure of the system, the drop in permit prices reflects a dramatic fall in the cost of complying with sulphur dioxide controls designed to fight acid rain.

The auction of a small proportion of the permits, most of which are distributed free of charge to power plants, was designed by the Environmental Protection Agency to help develop a fully fledged market by promoting price transparency.

Permits give us a window on costs that we simply did not have

before," says Mr Brian McLean, head of the KPA acid rain division.

Mr Danny Ellerman, an expert on the trading system at the Massachusetts Institute of Technology, says the price fall was due mainly to a dramatic cheapening of low-sulphur coal supplies from the west of the US.

Companies involved in the permit scheme hail it for the flexibility it offers in deciding when to make investments in new technology to reduce emissions.

The board of trade's ultimate goal is to create a futures market in the permits, to allow companies to hedge against risk.

## OBSERVER

## Showing who's Bossi

**fascist Cornelio Codreanu. Not the sort of connection that even the volatile Bossi would want to make.**

## Thatcher's child?

**■ Gatherings of the Northern League, northern Italy's separatist party, continue to furnish doses of the surreal and the unsettling in equal measure.**

Last Saturday's meeting near Mantua of the self-styled Parliament of Padania, the "region" for which the League wants independence, was lobbied by northern Italian farmers and their cows, interrupted by a minute's silence in memory of Chechen leader Dzhokhar Dudayev - and policed by the League's own green-shirted guard of honour.

The historical associations of the green shirts are not pleasant. Apart from Garibaldi's Redshirts (who ended up uniting Italy, not dividing it up as the League intends), the last Italian who attempted to mix sartorial conformity and political muscle was Mussolini, with his fascist Blackshirts.

At the weekend the Greenshirts merely kept order and prevented anybody getting close to party leader Umberto Bossi. However, some zealous supporters would like a real militia serving Padania.

Green, they point out, is "the colour of hope". According to the Italian press, it also happened to be the colour chosen in the 1920s for the uniform of the brutal Iron Guard formed by the Romanian

leaders - Kohl included - trooped off to see their counterparts at ASEAN, the south-east Asian trading bloc.

Kohl was due to chat to Mahathir Mohamad, his Malaysian opposite number, unfortunately the meeting never came off. Both Kohl and Mahathir, as being the more junior, would pay the courtesy visit.

Hoffmann failed to check who was in fact supposed to do what, so both leaders spent the night in their respective hotel rooms. Kohl was less than pleased, and now has a new bag-carrier.

Don't feel too sorry for Hoffmann, though. He may have dropped a clanger, but in recompense he's off to Rome, as number two at the German embassy.

## Bovine copy

**■ Panicked by a slump in beef consumption of an average of 30 per cent across the European Union, the Commission is pondering an advertising campaign to convince Europeans of the wisdom of eating beef. So what should the slogan be? Last week, weary officials sitting through yet another late-night negotiating session between agriculture ministers in Luxembourg came up with an idea. "Eat beef - you would be mad not to!" Ho hum. Don't give up the day job yet, chaps.**

**Cat out of the bag**

**■ Poor old Mati Hoffmann, bag-carrier-in-chief to German chancellor Helmut Kohl. The eternally elegant Hoffmann recently lost his job, but details as to why are only now emerging from the bunker-like chancellery.**

**One of the problems, it appears, occurred in February in Bangkok, when a number of European**

